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Correlations to Financial Performance in the Pharmaceutical Industry

Fred McClellan
Walden University

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Walden University

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Freddie Lee McClellan

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Review Committee

Dr. Warren McDonald, Committee Chairperson, Health Services Faculty

Dr. Ronald Hudak, Committee Member, Health Services Faculty

Dr. Rabeh Hijazi, University Reviewer, Health Services Faculty

Chief Academic Officer and Provost

Sue Subocz, Ph.D.

Walden University

2020

Abstract

Correlations to Financial Performance in the Pharmaceutical Industry

by

Freddie Lee McClellan

MBA, Ashland University, 2002

BSBA, Ashland University, 1986

Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Philosophy

Health Services

Walden University

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Abstract

There exist conflicting priorities for leaders when considering ethical leadership behaviors and organizational financial performance. The purpose of this quantitative study was to examine correlations between top manager ethical leadership levels and organizational financial performance, within the pharmaceutical industry. The Ethical leadership theory was used to frame the study. Relationships between top managers' perceived ethics levels and organizational financial performance were studied, as well as, whether top managers' practices, purposes, and virtues acted as mediators. A goal of 184 participants were recruited from 338 pharmaceutical companies. Five top managers and 17 of their direct report team members took part in the study. Top managers were asked to complete the Sustainable Leadership Questionnaire while their teams provided responses to the Ethical Leadership Questionnaire, and data was collected over a 12-week period. Following the Baron and Kenny model testing for mediation, regression analysis was performed using the IBM SPSS Statistics software to measure correlations between the dependent, independent, and mediating variables. No statistically significant relationship was found between the top managers' ethics level and the organizational financial performance. Correlations were found between the mediating variables and organizational financial performance. This study contributes to positive social change by adding empirical evidence to the understanding of ethical leadership and its impact on organizational financial performance. Advancing ethical leadership within the context of the pharmaceutical industry affords the potential for better allocation of societal healthcare resources, and more equitable access to innovative medicine for consumers.

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Dedication

I dedicate this dissertation to my loving wife and family, whose support, encouragement and patience helped me to endure the late nights and early mornings spent in completing the work. And to God, for bringing professors, fellow students, and Walden Faculty into my life with their friendship and inspiration along the way. They have all been a blessing.

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Table of Contents

List of Tables	iv
List of Figures	v
Chapter 1: Introduction to the Study.....	1
Background.....	2
Problem Statement.....	6
Purpose of the Study	9
Variables	9
Mediating Variables: Practices, Purposes and Virtues	11
Research Questions.....	12
Theoretical and Conceptual Framework.....	13
Nature of the Study	14
Definitions.....	15
Assumptions.....	20
Scope and Delimitations	22
Limitations	23
Significance.....	24
Summary	28
Chapter 2: Literature Review.....	30
Introduction.....	30
Literature Search Strategy.....	31
Theoretical Foundations.....	32

Conceptual Framework - Ethical Leadership Paradigm	33
Literature Review Related to Key Variables and Concepts.....	35
Transformational Leadership	36
Authentic Leadership	39
Servant Leadership.....	41
Situational Leadership	43
Social Learning Theory.....	44
Social Exchange Theory	46
Ethical Leadership Traits	48
Global Cultural Influences	48
Variables Influencing Perceptions of Ethical Leadership.....	49
Ethical Leadership Descendant.....	51
Financial Outcomes	51
Pharmaceutical Industry.....	54
Summary	57
Chapter 3: Research Method.....	59
Applied Techniques and Practices	59
Methodology	60
Research Design and Inquiry Approach	60
Setting and Sample	61
Instrumentation and Materials	65
Data Collection and Analysis.....	74

Summary	78
Chapter 4: Results	79
Introduction.....	79
Data Collection	81
Results.....	84
Summary	88
Chapter 5: Discussion, Conclusions, and Recommendations.....	91
Introduction.....	91
Interpretations and Findings	93
Limitations of the Study.....	96
Recommendations.....	99
Implications.....	101
Conclusions.....	103
References.....	106
Appendix A: Ethical Leadership Questionnaire	125
Appendix B: Ethical Leadership Questionnaire (Revised).....	126
Appendix C: Sustainable Leadership Questionnaire	127
Appendix D: Sustainable Leadership Questionnaire Approval	133
Appendix E: Ethical Leadership Questionnaire Approval.....	134

List of Tables

Table 1. Sustainable Leadership (SL) Practices and Descriptors 70

Table 2. Sustainable Leadership (SL) Practices and Their Associated Groupings..... 72

List of Figures

<i>Figure 1.</i> Mediated effects of leadership practices, purposes, and virtues	13
<i>Figure 2.</i> Correlations between top manager (leader) practices, purposes, and virtues with organizational financial performance	90

Chapter 1: Introduction to the Study

Leadership has been a subject of interest for scholars and philosophers for centuries, and, as a result, there is a large body of literature available. Leadership scholars have argued that various skills and traits are intrinsic and vital to effective leadership (Harris, 2018; Mayer, Aquino, Greenbaum, & Kuenzi, 2012; Prieto, 2013). Other researchers have explored facets of leadership, including the role of top executives in establishing and advancing employee commitment (Jackson, Meyer, & Wang, 2013) or examining the actions they take in directing their organization towards achieving their vision and goals (Salleh & Grunewald, 2013). Works like these establish a foundation and contribute meaningful insights into various features of leadership. However, leadership ethics, the focus of this study, is not well understood and is inadequately represented within the context of a rapidly changing global economy where organizations are expanding into new international markets. In this study, I explored dimensions of leadership ethics and their relationship to organizational financial performance.

There exists a growing concern regarding unethical leadership behaviors where leaders of international organizations negatively impact the local or national economies where they operate or effectively harm the people and society they serve (Gan, 2018). Ethical issues facing global leaders are complex and are often difficult to navigate. On one end of the spectrum, organizational leaders are responsible for maximizing shareholder returns and delivering strong financial performance, yet if done in an unethical manner, their results may be at the detriment of society or violate social and cultural norms. For leaders in global markets, what is accepted in one region may be

considered unethical in another, making the prospects of leading successfully very difficult (Sajfert, Nikolić, Vukonjanski, Terek, & Vulović, 2017). Conversely, when a leader's directives inadvertently advance a legalistic organizational culture, they may unwittingly implant risk averting ideals that hamper innovation and avoidance of opportunities that might enhance financial performance and not act in the best interests of stakeholders. Ethical leadership is vital to organizational success, yet there is need for greater conceptualization of its effects on organizational financial performance supporting policy development and leadership practitioners. Ethical leadership represents an important social priority that has the potential of shaping how leadership is practiced in global settings.

In this chapter, I present the nature of the questions associated with (un)ethical leadership and the impact on humanity. I describe the current leadership theories and the gap in them that necessitates a greater academic emphasis examining ethical leadership, its antecedents, and its outcomes on organizations. I also support the rationale for the examination of ethical leadership and the relationship to organizational performance. Ethical leadership theory was applied in this study that addressed the topic, seeking a greater understanding of the impact of leadership behaviors on organizations and society.

Background

Issues of (un)ethical leadership behaviors are important to understand; however, their multifaceted nature is challenging for researchers to study. Northouse (2016) claimed, "In short, ethics is central to leadership because of the nature of the process of influence, the need to engage followers in accomplishing mutual goals, and the impact

leaders have on the organization's values" (p. 337). The current literature examining leadership ethics and its relationship to organizational performance, including financial performance, is limited to a small number of reports relevant to the topic (Sajfert et al., 2017).

The expanding global economy, changing geopolitical environments, and diverse international markets where organizations operate make the issue of ethical leadership a rising concern. Mayer, Kuenzi, Greenbaum, Bardes, and Salvador (2009, p. 1) argued that "ethical leadership differs from other leadership theories" where ethical leadership components are encompassed within them. The dearth of empirical data found in the literature reveals the need for more research and demonstrates its importance as a social priority (Shin, Kim, Sung, & Choi, 2015; Wang, Feng, & Lawton, 2017).

Recent corporate scandals have highlighted an international crisis in leadership ethics and have emphasized a need for expanded scholarly research dedicated to addressing the concern. The collapse of multinational organizations like Enron, Tyco, Lehman Brothers, and the telecommunications giant WorldCom brought on by scandals of their respective leader's unethical behavior is illustrative of the issue. Within the pharmaceutical industry, the marketing tactics authorized by Purdue Pharm leaders for the opioid OxyContin promoting it inappropriately for a broad pain application has contributed to the national opioid crisis (Zee, 2009). In each case, leaders modeled unprincipled behaviors to members directing them to act in corrupt and sometimes unlawfully leading to their criminal conviction. Drawing on social learning theory (Bandura, 1977), organizational leaders serve as role-models of ethical standards by

demonstrating appropriate behaviors and establishing what is expected of organizational members (Brown, Treviño, & Harrison, 2005a). The different types of leadership behaviors modeled by unethical leaders has signaled the alarm by regulatory agencies and company stakeholders who call for increased understanding into ethical leadership.

Researchers have examined different leadership behaviors and organizational performance metrics, often reporting confounding results. For example, in a study of small and medium sized Thailand organizations, Suriyankietkaew and Avery (2016) examined the relationship between 23 sustainable leadership practices, including leader ethical behavior and organizational financial performance. They demonstrated a modest nonsignificant relationship among ethical leadership practices and financial performance (Suriyankietkaew & Avery, 2016).

Researchers have also proved mediating relationships between employees with high organizational commitment behaviors, high internal organizational ethics, and the firm's legal ethical standards to its financial performance (Chun, Shin, Choi & Kim, 2013). In a related study, researchers demonstrated a link between a supervisor's perceived ethical leadership and the participation level of followers, also thought to result in economic benefits for the organization (Žemguliene, 2013). In a study of companies located in Korea, researchers examined the relationship of top manager ethics and firm financial performance (Shin et al., 2015). They illustrated a mediating relationship between top leader ethics and firm level ethics, which results in procedural justice and then to improved financial performance (Shin et al., 2015). Their findings are important;

however, they were derived from one county where cultural influences and regional views on ethical leadership limit the generalizability of the outcomes.

Ethical leadership is argued to be multidimensional, influencing organizational performance through diverse mechanisms. Top manager communications are one dimension that has been shown to effect strategic practices and organizational outcomes. In their analysis of chief executive officer (CEO) letters to shareholders from multiple leaders employed in different industries, Patelli and Pedrini (2015) confirmed that the CEO tone was positively associated with financial accounting aggressiveness but also argued that negative financial accounting practices could be negatively influenced by the top leader's tone.

Other ethical leadership dimensions shown to be correlated to organizational financial performance include leader humane orientation, identified as a leader who establishes a caring and supportive environment; as well as leader responsibility and sustainability orientation, where leaders encourage employee collective thinking; and a culture of environmentalism, related to organizational financial performance (Wang et al., 2017). The previous studies of ethical leadership reflect the complexity of leadership ethics as a research topic and the variations of leadership themes that exist in the current literature. Leadership scholars have opined that greater efforts are needed for examining ethical leadership and its resulting effects on organization financial performance (Sajfert et al., 2017). This research contributes to the limited empirical literature enhancing the scientific knowledge of ethical leadership and relationships between top managers' ethics

and organizational financial performance and helps to inform leadership practices and the formulation of policies.

Problem Statement

There is a need for greater comprehension of the effects of leadership ethics on organizations and relationships to different organizational outcomes. Over the past decade, researchers have tested different leadership theories, which include broad notions of ethics. These efforts failed, however, to capture the multifaceted dimensions of ethical leadership. Brown et al. (2005a) were first to conceptualize ethical leadership theory. Recent attention has been given to ethical leadership theory (Dion, 2012; Eisenbeiss, 2012; Hunt, 2017; Kim, Ko, & Kim, 2015), and there is a call for improved empirical evidence by leadership scholars prompted by conflicting outcomes of ethical leadership research and the effects on organizations.

Data that describe connections of top manager ethics and organizational financial results are inadequate in their scope and volume. The extent literature reflects scholarly work concerning outcomes that are related to organizational performance measures and financial results but that are difficult to generalize, sometimes reflecting conflicting results. For example, researchers have demonstrated that ethical leadership is positively related to employee's task performance (Ahn, Lee, & Yun, 2018; Walumbwa, et al., 2011; Yang & Wei, 2017), employee empowerment and motivation leading to their in role success (Dust, Resick, Margolis, Mawritz, & Greenbaum, 2018), employee satisfaction (Celik, Dedeoglu, & Ynanyr, 2015), firm performance (Kim & Brymer, 2011; Shin et al., 2015; Walumbwa et al., 2011; Wang et al., 2017), and organizational

citizenship behaviors where employees performed at a higher than expected level as an output of ethical leadership behaviors.

Associations have been found to exist between facets of ethical leadership, including humane orientation, and the leader's responsibility and sustainability orientation with organizational financial performance (Wang et al., 2017). Other researchers have concluded that top manager ethical leadership has an indirect effect on organizational financial performance mediated by the procedural justice climate that impacts organizational financial performance (Chin, Sung, Choi, & Kim, 2015). In their study of Serbian organizations, Sajfert et al. (2017) found strong correlations between ethical leadership and observed outcomes such as follower job satisfaction and weaker relationships to organizational outcomes like financial performance. Suriyankietkaew and Avery (2016) compared 23 sustainable leadership practices, including ethical leadership behaviors and their effect on firm financial performance for companies Thailand, and found that ethical leadership had less of an impact on organizational financial performance than friendly labor relations, valuing employees, social responsibility, and strong shared vision. Importantly, dimensions of each of these sustainable practices are directly reflected in the definition of ethical leadership that were used for this research.

There is the potential for conflicting priorities for leaders when considering ethical leadership behaviors and organizational financial performance. Top managers (CEO, chief financial officer, president) are accountable for setting the course for their organizations, and they are expected to act in the best interests of the company to maximize financial results. Top managers must seek a balance between their fiduciary

responsibilities to various stakeholders while also setting the standard of acceptable behavior. An emphasis on financial performance may present morally conflicting priorities in a global context when ethics are in question. For example, how do top managers behave when a morally conflicting decision to act unethically leads to improved financial performance? Ciulla, Knights, Mabey, and Tomkins (2018) asserted, “When the stakes are high, leaders do not have the luxury of following their own moral convictions when they conflict with their moral obligations to constituents. They have to make a choice when all other options are bad” (p. 4). The weight of these types of leadership decisions are intensified when viewed from a global perspective and when there is no precedence for leaders to follow.

Practitioners, global governments, and regulatory agencies have emphasized the importance of ethical leadership, proclaiming its significance as an international priority. Research efforts should be aimed at addressing the empirical need for scientific knowledge supporting ethical leadership as an independent construct unique from other leadership theories (Mayer et al., 2012; Mayer et al., 2009). The literature review reflects a gap in the knowledge regarding the complex relationships that exist with ethical leadership and the components of organizational financial performance. Scholars have emphasized ethics as vital for effective organizations and society. In this dissertation, I refined the position and proposed that ethical leadership is directly related to a firm’s financial performance. Furthermore, unique to this study, ethical leadership theory served as a basis to test the hypothesis.

Purpose of the Study

This quantitative correlational study was designed to address deficiencies in the conceptualization of ethical leadership theory by examining relationships between top manager's ethical leadership levels and organizational financial performance. I also tested whether mediation occurs with top manager practices, purposes, and virtues. The results of study are intended to aid top managers with an improved understanding of the impact of top manager ethics. This dissertation could contribute to the scientific knowledge leading to positive organizational and social change.

Variables

A leader centric approach was taken to examine the correlation between top manager ethical leadership levels, the independent variable, emphasizing top management executives within global organizations in a single industry (pharmaceuticals), and organizational financial performance, the dependent variable, while mediating for effects of leadership purposes, virtues, and practices. Mayer et al. (2012) argued in favor of a leader centric approach based in its theoretical and practical utility. Social learning theory (Bandura, 1977) and social exchange theory (Blau, 1964) served to frame the study. Organizational leaders serve as models for its members, and social learning theory suggests that individuals learn from others through the role modeling process of normative behaviors that are acceptable (Bandura, 1977; Brown et al., 2005a). Top management leaders possess positional power, setting the cultural tone for what is expected for ethical behaviors of employees. They also set acceptable ethical standards through their vision for the organization. Top management leaders then steer

the organization through their leadership practices and communications. Through their observable actions, communications, and expressed commitment, they establish the importance of ethical standards. However, the relational distance of followers from top management is not fully understood, and the processes and mechanisms by which top managers influence organizational behavior are needed (Brown et al., 2005a).

Leadership practitioners have begun to identify meaningful distinctions in leadership structures (Mayer et al., 2009; Shin et al., 2015). While there is still debate among scholars as to how the different levels of leadership influence their organization, I limited this study to top management. There is limited empirical data separating top management ethical leadership from midlevel ethical leadership and which examines the relationship to organizational financial performance in a global setting (Shin et al., 2015). Additionally, empirical data on global ethical leadership are deficient, and the data available present results from research conducted in single countries and disparate industries, making it difficult to draw generalizable conclusions.

For the present study, top manager ethical leadership in the pharmaceutical industry served as the independent variable, and their organizational financial performance served as the dependent variable. Additionally, I examined whether mediation exists with top manager practices, purposes and virtues. Figure 1 provides a visual illustration of mediation model as applied in this research. The study also supports the argument that contextual variables such industry type and cultural influences from the leader's country of origin are important to consider and are incorporated into the design.

In contrast to many other industries, the pharmaceutical industry is highly regulated, with significant governmental oversight and reporting requirements placed on manufacturers. Costs for pharmaceutical manufacturers to research, develop, and gain regulatory approval, then produce and distribute approved medications has continued to climb, and a recent estimate places the cost at \$2.8 billion (DiMasi, Grabowski, & Hansen, 2016). For companies that operate internationally, they must also meet the individual requirements for each country they operate. In a highly controlled industry like pharmaceuticals, where the cost of entry is significant and the benefits to society are great, ethical leadership is critical. By examining the relationships between these variables, I revealed important insights for leaders as they direct their organizations.

Mediating Variables: Practices, Purposes and Virtues

In agreement with the opinion that ethical leadership is a complex construct, Lawton and Páez (2015) argued that it is comprised of leadership virtues that overlap with leadership practices, and leadership purposes in a three-dimensional model. They opined that leadership “virtues cannot be separated from the context within which they are practiced” (Lawton & Páez, 2015, p. 645). Leadership practices such as ethical decision making, moral judgement, and promoting a purpose and vision that inspires honesty, integrity, and courage intersect with the virtues of an ethical leader. Lawton and Páez (2015) argued that their three-dimensional model encompasses variables previously identified in leadership literature. The variables that embody the three-dimensional model were predicted to mediate the relationship between top manager ethical leadership and the financial performance for global organizations.

Research Questions

In this study, I sought to identify whether a relationship exists between top manager ethics level, the independent variable, and organizational financial performance, the dependent variable. Furthermore, I examined whether top managers' purposes, practices, and virtue mediate the relationship between top managers' ethics level and organizational performance.

Primary research question: Is there a correlation between top manager's ethical level and organizational financial performance?

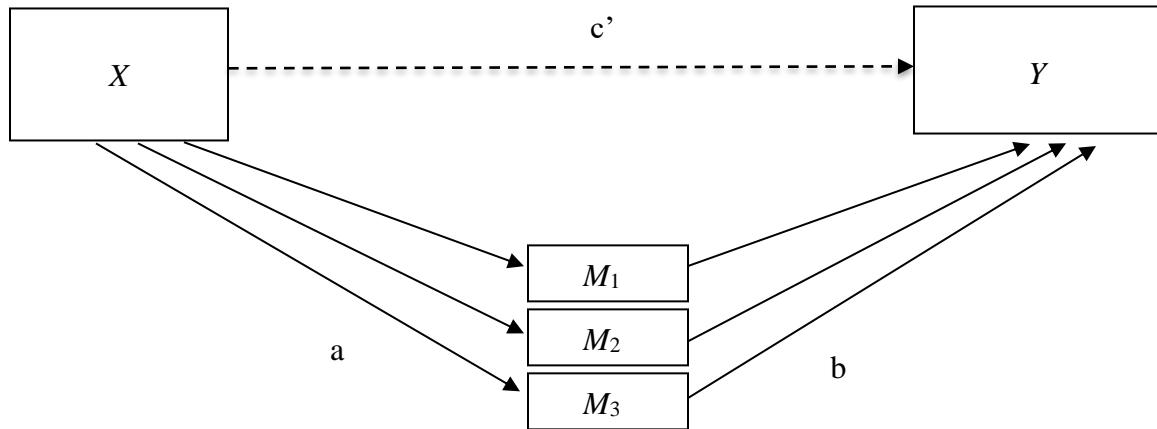
H1₀: There is no statistically significant correlation with top manager's ethical leadership level and organizational financial performance.

H1_a: There is a statistically significant correlation with top manager's ethical leadership level and organizational financial performance.

Secondary research question: To what extent does top managers' practices, purpose, and virtue mediate the relationship between top managers' ethics level and organizational financial performance?

H2₀: Top managers' practices, purpose, and virtues do not mediate the relationship between top managers' ethics level and organizational financial performance.

H2_a: Top managers' practices, purpose, and virtues do mediate the relationship between top managers' ethics level and organizational financial performance.



Indirect Mediated Pathway

Figure 1. Mediated effects of leadership practices, purposes, and virtues (see Lawton & Páez, 2015) on the correlation between top management ethical leadership (X) and organizational financial performance (Y) (on the basis of Baron & Kenny, 1986). Idea generated from “Introduction to Mediation, Moderation, and Conditional Process Analysis” by A. Hayes, (2013), pp. 445.

Theoretical and Conceptual Framework

Ethical leadership as a construct has proven challenging for scholars to study due to its varied influences, and the empirical research on the topic is still emerging. In this dissertation, I drew on the ethical leadership theory. Many scholars have proposed new ideas for research, and there are examples of different theoretical framing that have been applied and are presented in this manuscript (see Zhu, Zheng, Riggio, & Zhang, 2015). Ethical leadership theory has demonstrated to be useful for investigators in several research settings. Examples of related studies described in literature review have addressed correlations between leadership ethics and employee engagement and organizational member output. However, it is still not fully understanding how the ethical

leadership level of top organizational managers influences business results with an emphasis on financial performance, along with the possible mechanisms involved.

Top manager ethical leadership is an international concern as well and is not limited to any single industry. There are signs of trouble in many countries and in a variety of enterprises. In a 2016 Global Business Ethics Survey of employees working at private and public organizations, the Ethics and Compliance Initiative group found that employees described being pressured by leaders to compromise standards or observed leader misconduct (as cited in Harned et al., 2016). The survey also highlighted significant variances in survey responses based on the employee's country of origin, and in many countries, reported misconduct was significantly higher (as cited in Harned et al., 2016). Ethical leadership studies have often limited sample selection to regional participants, and they call attention to the importance of context, such as national and regional influences that affect antecedents of ethical leadership and outcomes.

Nature of the Study

The design applied for this dissertation was methods that have been used in similar ethical leadership research, allowing for the positioning of the results of this research within the existing body of literature. As discussed, top manager ethical leadership levels served as the independent variable, and quantitative correlational statistical methods were used to measure its association with the dependent variable of financial performance. Regression analysis was then employed to measure the mediating relationships of top manager practices, purposes, and virtues with financial performance (Baron & Kenny, 1986).

Definitions

Definitions are presented in this section for core concepts that were used for this dissertation. A discussion for each is also provided to expand on terms that were found in different leadership reports referenced in this study.

Ethics: Principled moral conduct dictating a person's behavior. Lewis (1985) suggested that it encompassed the "rules, standards, principles, or codes giving guidelines for morally sound behavior" (as cited in Kaptein, 2008, p. 980). While this characterization provided a useful starting point for the examination of ethical leadership, it failed to adequately distinguish the unique influences that top managers have on middle managers and organizational members.

Ethical leadership: Is the practice of being a moral manager. It encompasses notions of honesty, virtuosity, and leading by setting a good example. A common definition found in the extent literature was "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making". This definition served as a constitutive foundation by many ethical leadership scholars in their research (Avey, Palanski, & Walumbwa, 2011; Bauman, 2013; Brown & Treviño, 2006; Hanson, Loose, Reveles, & Hanshaw, 2017; Lawton & Páez, 2015; Mayer et al., 2012, 2009; Mayer, Kuenzi, & Greenbaum, 2010; Mihelic, Lipicnik, & Tekavcic, 2010; Shin et al., 2015; Walumbwa et al., 2011; Wang et al., 2017; Zhu, Zheng, He, Wang, & Zhang, 2017). Mihelic et al. (2010) and Zhu et al. (2015) suggested that the definition suggests that ethical leaders role-model normatively

acceptable traits and behaviors, exemplifying the moral person, and leaders establish ethical standards and values through their communications, rewarding appropriate behaviors and punishing inappropriate behaviors representing the moral manager.

Ethical leadership has been demonstrated to affect the ethical climate of the organization and the ethical practices of its members (Kul, 2017). Ethical leadership practices include how the leader communicates codes of conduct (Kul, 2017), rewarding ethical performance and punishing unethical behaviors, setting strategic plans, prioritizing performance standards, and handling disputes. It was based upon this definition that I examined the ethical leadership.

Financial performance: Reflects the company's fiscal results compared to its stated goals reported on the company's balance sheets, statement of cash flows, and profit and loss statements. In a global context, financial performance was found difficult to measure reliably or consistently as organizations operating in different countries applied unique accounting practices based on local standards. Many differences in local and international laws were observed in their requirements for organizations reporting of their financial results. Also differences in measure of reporting times were found. Li and Zhang (2007) measured organizational performance over a 3-year time frame looking at "return on investment, return on sales, profit growth, return on assets, overall efficiency of operations, sales growth, market share growth, and cash flow from operations" (p. 797). Other researchers have evaluated financial performance over a 6-month time frame (Shin et al., 2015) and limited the analysis to operating profit divided by total assets (Chun et al., 2013). Further complicating financial analysis was the challenge of

uniformity of reporting between generally accepted accounting principles, International Financial Reporting Standards, and other local regulatory standards on financial disclosures found in the United States. For this research, consistent with Avery and Bergsteiner (2010), financial performance was defined as net profits, sales revenues, and controllable costs reported by top managers. I limited the time of reporting financial results to 2-years allowing for the top managers' ethics levels to have had an impact on organizational financial results.

Pharmaceutical industry: Global industry discovering, developing, manufacturing, and marketing medicines for human and animal consumption, and treating a variety of diseases and ailments. Leadership ethics within the context of the pharmaceutical industry are essential and I argued it was important to distinguish top manager influences on organizational performance. Within the global pharmaceutical industry, I found examples of organizational corruption and criminal activities that have led to the harming of patients, financial penalties, tarnished industry and organizational reputations, the loss of patient trust, and a greater societal burden (Kiecke, 2013). As described previously, the unethical leadership actions involved in the marketing of OxyContin were an example described in the literature. Promotional tactics, approved and employed by Purdue Pharma and its leaders, illustrated how financial results influenced subordinates and resulted in costly harm to society. The direction by Purdue Pharma company officials played a significant role in the opioid epidemic in the United States and ultimately led to the company's bankruptcy and payment of millions in damages. As the pharmaceutical and health related industries continue to move towards

globalization to expand their markets, it is necessary that leaders understand the impact of their decisions and the consequences of their actions on the patients they serve. It is vital that they are aided with improved understandings of ethical leadership.

Top manager practices: Practices denote the idea of what one does, their decisions, and daily activities that create and reinforce the ethical canons for the organization as they interact with followers. Ethical decisions made by top managers may be complex and nontraditional, requiring their judgement when the impact of their decisions potentially affects the outcomes of the organization (Lawton & Páez, 2015). I argued that top manager practices are distinct from lower manager levels. Their practices set the example for others to follow, and their impact can influence follower perceptions of trust, equitable distribution of opportunities, and motivating behaviors.

Top manager purposes: The operational role of the top managers seen in their goal setting and how they maximize profits. Purpose deals with why a top manager behaves or acts in a certain way to achieve a desired organizational outcome. For their purpose to be effective, it must be congruent with the organizational vision. For example, the top manager who communicates and demonstrates the importance of transparency and accurate record keeping may also have trust as their purpose. In this example, purpose is consistent with the organizational vision of trust as seen in the top manager's ethical practices.

Top manager virtues: A leader who is moral, principled, promoting characteristics of collective and individual greatness. A virtuous and authentic leader was often applied synonymously to ethical leadership within the existing literature. Authenticity was

another leadership attribute frequently found in the literature. Its use in this context referred to one's internal self-cognizance, or their clear personal awareness, and their controlled actions such that they aligned with their personal value system (Avolio & Gardner, 2005; May, Chan, Hodges, & Avolio, 2003). Walumbwa, Avolio, Gardner, Wernsing, and Peterson (2008) provided that leader authenticity was a "pattern of leader behaviors" that "promotes a positive ethical climate, to foster greater self-awareness, an internalized moral perspective...and relational transparency on the part of leaders working with followers" (p. 94). Authentic leaders who act with integrity provide a basis for the virtuous leader.

Integrity and authenticity were also often related and frequently found describing the virtuous leader (Lawton & Páez, 2015). A leader who behaves morally, making consistent decisions that are aligned with espoused beliefs and who acts within the laws and codes that govern their industry was said to have integrity. It was recognized cross culturally as a fundamental feature of ethical leadership (Resick, Hanges, Dickson, & Mitchelson, 2006).

References to the practices, purposes, and virtues variables were commonly used by researchers who have also argued that they collectively demonstrate important contributions to study of ethical leadership. For the present work, these terms were groups and examined individually as mediating variables that impact the relationship between top managers' ethics levels and financial outcomes of the organization.

Top managers: Executive level leaders, including the chief executive, president, and vice president or similar organizational title. They are individuals responsible for

setting the vision for their organization or division, and they are responsible for creating expected standards and developing a culture that supports it. They are responsible for their organization or division performance and the successful achievement of its stated mission.

Top managers of global pharmaceutical companies were responsible for directing a major segment of the world's economy with a projected value of \$1.12 trillion in 2023 (Evaluate Pharma, 2018). The international pharmaceutical industry is vital to global health as it develops, manufactures, and distributes lifesaving medicines to individuals in countries around the world. The pharmaceutical industry's growth in new product development has helped to eradicate epidemics and effectively treat diseases previously untreatable, extending lives and improving the quality of life promoting the health of society.

Assumptions

As the ethics of leadership has become a bigger public concern, it has also been a priority for the pharmaceutical industry both in the United States and globally. Many international pharmaceutical organizations are instituting programs to introduce and inspire a culture of ethics, however, many compliance executive's express dissatisfaction with the results (Vamvoukaki, 2019). Activities including training programs, placement of internal ethics committees, employing leaders to embed a culture of ethical behaviors as a standard, and hiring consultants specializing in ethics are some examples of how the industry is responding. These measures are taken for the purpose of building and improving the ethical behaviors of members of the organization, and they are assumed to

result in a positive impact on the bottom line. Recent literature has supported the position demonstrating a positive correlation to ethical leadership and financial performance (Shin et al., 2015). These results, however, are limited and not globally represented. Company leaders have expressed their desires to understand the types of ethics and compliance programs that result in improvements in their financial outcomes (Vamvoukaki, 2019).

In the global pharmaceutical industry, drug research and development are critical for the sustainability of many organizations. The process requires top managers to accept a significant level of risk in bringing new products to market. Where there are risks in drug development, there are often high returns for investors. This possibly contradicts the goal for top managers of mitigating risks while maximizing shareholder return on investment. It is implicit that highly ethical top managers leading ethical organizations will result in higher financial profits. However, in organizations where top managers emphasize ethics over financial performance, the results could lead to diminished financial performance, resulting in a confounding outcome. This may be particularly important in the pharmaceutical industry, where the regulatory oversight required of pharmaceutical manufacturers emphasizes compliance and levies heavy punishments on top managers whose organization is implicated in wrongdoing. Organizations that express the importance of ethics as a part of their corporate culture may inadvertently create an unresponsive and risk averse climate where new product development is impeded. Top managers must develop an expectation of ethical responsibility while encouraging and assuming risks that maximize stakeholder value.

An antagonistic view is depicted in the literature when pharmaceutical companies are accused of profiteering at the expense of patients, and their leaders are often suspected of mismanagement. Compounding this concern is seen when these same leaders are celebrated for their organizational performance and are encouraged to drive up profits and the company's stock price and then receive a large performance bonus when they accomplish the task. One must question the associations to the (un)ethical behavior of the leader and what this reveals about the effect on leaders when organizations emphasize financial performance to the detriment of ethical behavior. This demonstrates that ethical leadership may sometimes lead to underperformance, and unethical leadership behavior may lead to improved financial results.

Scope and Delimitations

Levels in leadership ethics are a central concern when examining relationships that impact an organization's financial results. By distinguishing the levels of leadership influence, researchers observe that the top manager instills their vision for the organization, including their ethical expectations and demonstrating ethical leadership behaviors that form the norms and accepted behaviors. The argument presented in the literature assumes that top managers establish and reinforce the ethical expectations and that their influence permeates and trickles down through the organization (Byun, Karau, Dai, & Lee, 2018; Wang, Xu, & Liu, 2018;). In this research, I underscored the importance of the relational influence of the ethical leadership of top managers on their organization and its performance.

The mid or lower tier manager's leadership impact is unique from that of the top manager, and for this reason was excluded from consideration. I rationalized that a lower tier leader's actions are based on the direction and demonstrated behaviors of the top manager. The influence of lower tier managers on followers is limited to a smaller unit of individuals within the larger organization. Their ethical leadership behaviors are observed and perceived by their followers; however, this reflects the top manager's ethical leadership. Additionally, the functional role of mid or lower level managers is focused on the daily operations of the organization. They are responsible for supervising their team's production activities, delivery schedules, staffing requirements, and sales and marketing. Their impact on the organization's financial performance is limited to their locus of control.

Limitations

The examination of leadership ethics of top managers in a global setting presents different challenges for researchers. As described previously, pharmaceutical companies of various sizes with the potential for operating in multiple countries, and their top managers were the target study population for this dissertation. Access to study participants and company information was a concern, and in many instances, was difficult to obtain. Ethics may have been a sensitive topic for some leaders and organizations where companies have been fined or publicly criticized for violations. Additionally, due to the highly technical and sensitive nature of research and development and trade secrets within the industry, providing access to information to outside parties was restricted. Working to engage top managers in this setting required an

adequate explanation of the research and transparency when responding to questions to allay subjects' concerns. Restricted access to top managers whose contribution to the topic or controls put in place to protect company data due to trade secrets may have had an impact on the conclusions of the research, leading to inconclusive or erroneous results.

Some countries laws may also hamper information sharing. In instances where industry leaders are based in countries where data are guarded or not available to the public, attracting top managers to participate was unlikely. Other leaders may have been concerned that openly discussing ethics puts them or their organization at risk of public criticism or penalties from regulatory bodies to whom they are held accountable. The relative size of the organization may also have limited access to leaders or data. Smaller companies with fewer personnel who serve multiple functions may have found it difficult to participate in this type of research project that they perceived to be a distraction from their responsibilities. Alternatively, larger organizations may have filtered communications reaching top managers, making a request for participating difficult. In each scenario, the possible pool of participants was made smaller and further added to the challenges recruiting top managers. As described, access to top manager participants and the limitations of target subjects willing to respond to the research questions was a concern as each possible limitation may have biased the results of my research.

Significance

An evaluation of the literature regarding the ethical leadership construct and research presented in reports based on various models helped to inform the research design in this study. Specifically, the study design allowed for an improved examination

of ethical leadership that was distinguished between leadership levels for organizations in a global setting. In past studies, researchers have often employed strategies that viewed ethical leadership from a collective perspective, overlapping different organizational leadership tiers including midtier managers, directors, and senior executives into one measurement. For example, in a study of American companies, researchers found that 56% of U.S. employees had observed misconduct at work including lying to constituents, abusive behaviors, stealing, misrepresentation of vital reporting activities, and sexual harassment (Mayer et al., 2010). By investigating ethical leadership based on organizational leadership levels and the relation to organizational financial performance, new insights were revealed. The previously described, the 2016 Global Business Ethics Survey demonstrated the value of this strategy when examining ethical leadership by differentiating leader misconduct from followers based on the nature or the type of offense. Isolating top manager's leadership ethics, I anticipated that distinct perceptions would be identified.

Scientific literature reflecting contrasts between the ethical behaviors of various levels of leadership was limited. Researchers have begun to classify top manager ethical behaviors that are positively linked to organizational financial performance (Shin et al., 2015). Top management executives' influences are "trickled down" indirectly through midlevel leaders who then demonstrate expected behaviors (Mayer et al., 2009), applying rewards and punishment as tools for directing the desired behaviors (Mayer et al., 2012). However, past designs have addressed ethical leadership as a collective and that these strategies overlook that the leader's level of influence is related to their proximity to

followers. A concentrated investigation of ethical leadership, its antecedents and outcomes, specific to the top manager, or high-ranking organizational leaders (e.g. CEO, chief financial officer, president) in global organizations provides fresh perspectives on ethical leadership. Supporting this argument, Shin et al. (2015) emphasized the top manager strategy and contended that there is a gap in the data regarding ethical leadership from the view of top managers and their relationship to organizational performance:

“Previous research on the topic rarely examines the relationship and linking mechanisms between top management ethical leadership and organizational performance” (p 43).

Combining levels of organizational leadership, Walumbwa et al. (2011) studied organizations in China and demonstrated that ethical leaders who have positive leader member exchanges with employees enhanced organizational performance. Their findings have been challenged by more recent research, which argued that the measure of ethical leadership employed was confounded by other measures, making it difficult to interpret and generalize results (Yukl, Mahsud, Hassan, & Prussia, 2013). Shin et al. (2015) researched ethical leadership in a variety of industries in Korea and found that statistically significant predictive relationships exist between organizational ethical climate established by leaders and organizational outcomes.

Scholars have recently argued that the complex nature of ethical leadership requires a more holistic approach. Additionally, as ethical leadership research expands, emphasis must also be placed on research designs that address the topic from the lens of different countries and cultures. In line with the study purpose, I examined global ethical leadership dimensions of top managers within the pharmaceutical industry and the

relationship to organizational financial performance. This study contributes to the empirical data by limiting the research subjects to top managers and their organization's financial performance, adding an international context that illuminates differences based on the top managers leadership practices, purpose, and virtues.

Where past researchers studied ethical leadership as a unidimensional construct and within the framework of existing leadership theories, current researchers have argued for the necessity to explore it as independent construct with multiple dimensions (Mayer et al., 2012). Dominant theories on the topic have progressed from the singular examination of ethical leadership behaviors and the impact on follower outcomes to include ethical leadership as a distinct conceptualization (Mayer et al., 2012; Shin et al., 2015; Wang et al., 2017). Kalshoven, Den Hartog, and De Hoogh (2011b) contended that ethical leadership is a multidimensional construct, and this position was supported by Wang et al. (2017), who argued that unidimensional models were inadequate for examining the subject. The researchers' views support the argument favoring the identification of important dimensions of ethical leadership as well as examining mediating influences that effect follower behavior and organizational financial outcomes and that lead to unethical leadership behaviors. Lawton and Páez (2015) proposed a three-dimensional model connecting leadership practices, purposes, and virtues often found in extent ethical leadership literature. Their model shifts the emphasis from leadership traits, which were thought to be inherent to the leader and were often the focus of early leadership research, to leadership behaviors and actions (Lawton & Páez, 2015). The strategy allows for consideration of influences on leaders, such as cultural, political,

social, and organizational norms (Hanson et al., 2017). In this study, variables that comprised the three-dimensions were examined as mediating effects impacting the relationships between ethical leadership of top leaders and organizational performance.

The social implications for this study are significant. In the context of recent national outrage brought on by the unprincipled behaviors of leaders in governments and in different industries, it brings center stage the negative effects that unethical leadership can have on organizations, their employees, and society. Compounding the concern is globalization where companies are moving into international markets. In such instances, ethical leadership may be perceived differently, requiring greater support for leaders of global enterprises. Understanding complex relationships between ethical leadership to organizational performance is vital for leaders. By expanding the scientific knowledge, one might expect improved organizational performance, amended policies leading to enhanced leadership standards, and greater trust and approval by the society.

Summary

In the following chapters of the dissertation, I review the relevant ethical leadership literature that provides support for the argument that a gap in the literature exists, leading to an important need for further development of scholarly research and new insights. I anticipated to advance the understanding of the relationship between ethical leadership and organizational financial performance, isolating the effect of top managers in a global industry. I present a rationale for social learning and social exchange theories as framing for the research design. Future chapters provide the argument as to why this study was needed and a research plan that outlines the

quantitative methods that were employed. Finally, I also present the different instruments that were applied for testing the hypotheses and the unique results followed by conclusions developed through the empirical designs.

Chapter 2: Literature Review

Introduction

Leadership theorists throughout the 20th century have described leadership attributes that involve ethical dimensions. Where there is a wealth of philosophical writings on leadership and business ethics, there are few present-day philosophers who have written about leadership ethics (Ciulla et al., 2018). Researchers exploring the role of ethics in leadership provide useful definitions and nomenclature (Lawton and Páez, 2015); however, it is argued that the extent research has been “anecdotal and ...normative” (Mihelic et al., 2010) and that social sciences lack empirical evidence regarding ethical leadership dimensions (Brown et al., 2005a). In the literature, several theoretical perspectives and models have been emphasized by researchers, including transformational leadership (Bass, 1985), authentic leadership, situational leadership (Tannenbaum & Schmidt, 1986), servant leadership (Greenleaf, 1977), and leader-member exchange (Dansereau, Graen, & Haga, 1975). Many have served as frameworks in leadership inquiry, where researchers have identified traits including honesty, trust, respect, and principled leadership, and these traits were thought to encompass ethics. Leadership scholars have argued, however, while these theories incorporate ethical features, they fail to adequately deal with the complex multivariate nature of the ethical leadership construct (Mayer et al., 2012). Contemporary philosophers have argued that a more intricate and more distinct comprehension of ethical leadership is needed (Ciulla et al., 2018). Reflected in the review of the literature is a necessity to examine ethical leadership as an independent construct to better classify relationships between its relevant

antecedents and outcomes such that organizations can affect change through enhanced training, hiring of leaders, and policies.

I begin this chapter by discussing existing themes found in the literature where researchers have examined ethical leadership. I review applications of the various theories used by scholars to research the subject, identifying their arguments and gaps supporting the purpose of this dissertation. I also describe the holes in the extent literature in addressing the multivariate dimensions of ethical leadership. I then discuss the social learning and social exchange theories as superior framing for the examination of ethical leadership research. These theories are presented as uniquely relevant from those found in the literature discussing ethical leadership, positioning them as more suitable for examining the question presented.

Literature Search Strategy

My strategy for conducting the literature searches for this chapter involved multiple approaches. I began by exploring the Walden Library to conduct much of my research using the search tools and resources available. These included examining peer reviewed journals, along with books and articles on the topic. Several other dissertations were also found to be useful. To expand my search, topics were selected from general and commonly used terms with the Google Scholar search engine to identify relevant peer reviewed literature. Finally, examining the journal references for more relevant literature, I was able to expand my search into the foundational works that were frequently referenced in multiple journals and used to formulate the ethical leadership theory. The literature was then catalogued using the Zotero reference management tool.

Relevant search terms were identified and narrowed based on the productivity of the searches and relevance to the topic.

The Walden University and Alpharetta County libraries were the primary sources of literature. Thoreau Multi-Database, Business Source Complete, SAGE Journalism, SocINDEX, Academic Search Complete, Education Source, and Complementary Indexes were the databases used for conducting the literature review search. These databases provided a significant number of journals and relevant books. The database search was limited to current journals between 2013 to 2019. I also restricted the literature search to peer-reviewed journals. Some of the articles and seminal works, which provided important historical context, are also reflected in the literature review.

Search terms included *leadership, ethics, global ethics, pharmaceutical leadership ethics, ethical leadership theory, leadership theories, authentic leadership, transformational leadership, servant leadership, situational leadership, social learning, social exchange, and leadership behaviors and traits*. As described in Chapter 1, ethical leadership theory is underdeveloped, and only a small number of resources discussing the topic were found supporting the argument put forth in this paper, showing that additional scholarly empirical research was warranted.

Theoretical Foundations

Ethical leadership theory is distinguishable from other leadership theories. This position is supported by leadership scholars who have noted that such theories as transformational, authentic, and transactional leadership identify ethical leadership dimensions included within the broader ethical leadership construct (Brown & Treviño,

2006; Mayer et al., 2009; Zhu et al., 2015). Brown et al. (2005a) claimed, “Little has been done to systematically develop an ethical leadership construct necessary for testing theory about its origins and outcomes” (p. 118). To effectively examine dimensions of ethical leadership, the strategy employed in this research followed Wang et al.’s (2017) recommendation to treat ethical leadership as an independent construct and distinct from generalized business ethics.

To begin, I review the current theoretical models that have been applied by researchers when examining ethical leadership. I describe the rationale for their application and then illustrate some of the advantages and disadvantages for each. The various instruments that have been applied by scholars are discussed in the following outline. Many of the research strategies used in past earlier research provided significant insights aiding in shaping the investigation of ethical leadership in this study. However, interest in ethical leadership by psychologists and scholars is relatively new, and many have argued that there are significant gaps on the understanding (Zhu et al., 2015). Finally, I explain the choice of social learning theory (Bandura, 1977) and social exchange theory (Blau, 1964) as the framing for this investigation.

Conceptual Framework - Ethical Leadership Paradigm

In 2000, Treviño, Hartman and Brown conducted controlled qualitative interviews with executive leaders and corporate ethics officers. From their research, they developed a two-pillar model of ethical leadership including the “moral person” and the “moral manager” (Treviño et al., 2000, p. 128). The moral personal traits include honesty, integrity, and trustworthiness; principled fair decisions; and a social concern. The moral

manager models appropriate behaviors, and they communicate regularly regarding ethics and values, holding followers accountable using rewards and discipline to reinforce appropriate ethical behavior (Zhu et al., 2015). Treviño et al. (2000) revealed that a leader's individual traits (integrity, trustworthiness, honesty), observable behaviors (doing the right thing), and decision making (emphasis on values, fair, social concern) serve to shape follower perceptions and that being a moral manager involved organizational member perceptions that the manager was an ethical role model, communicating consistently about what ethics means to the broader organization, setting the expectations regarding ethical behavior, and treating everyone equally and accountable.

The examination of antecedents to ethical leadership has also proven important for developing a deeper understanding of the influences affecting a leader's ethical behaviors. A leader's moral identity symbolization and moral identity internalization were demonstrated to have a positive relationship to ethical leadership (Mayer et al., 2012). Mayer et al.'s (2012) findings supported previous research by Aquino and Reed (2012), and they concluded that a leader's moral identity is a predictor of ethical behavior. Furthermore, their findings demonstrate where a leader's moral identity and ethical behavior serve as important predictors of ethical organizational outcomes (Mayer et al., 2012).

Theories in the contemporary literature surrounding the subject continue to emerge and shift the focus from examining ethical leadership traits and how ethical leaders should behave and act to leadership in practice and the examination of

antecedents and outcomes (Grandy & Sliwa, 2017; Kalshoven, Den Hartog, & De Hoogh, 2011a). Leadership scholars interested in ethics have traditionally taken a “prescriptive approach” (Mayer et al., 2009), identifying ethical leadership traits and presenting systems or programs that may serve as designs to advance organizational ethical leadership practices. This strategy, however, fails to recognize precursors of ethical leadership and highlights a gap in the literature. A leader’s behaviors are present throughout the organization, and the standards set by their leadership are crucial for creating the ethical culture (Mihelic et al., 2010). Virtuous leader behaviors that are embodied in the daily practices and espoused purposes of their actions are thought to relate to ethical leadership; however, in the present study, I sought to examine these variables as mediators affecting organizational financial performance. The following discussion outlines the various frameworks that have been applied by researchers examining ethical leadership and the rationale for selecting social learning theory and social exchange theory as the framing for this dissertation.

Literature Review Related to Key Variables and Concepts

Ethical leadership has been examined through many theoretical lenses, and several of them provide compelling foundations for their application as framework for studying ethical leadership. Transformational and transactional (Kalshoven, Den Hartog, & De Hoogh, 2011c) charismatic (Bass & Avolio, 1997) leadership theories have often served as the basis for many of the historical studies; however, there is debate among scholars as to the ideal framing. Kalshoven et al. (2011a) demonstrated the lack of correlation between ethical leadership and transformational leadership. Burns (1978)

argued that moral leadership encompasses transformational and charismatic leadership principles, while other scholars have identified spiritual and authentic leadership as principle theories (Brown & Treviño, 2006). Lawton et al. (2015) argued that there are three overlapping leadership dimensions, including leader practices, purposes, and practices that serve as a model for an integrative approach to research ethical leadership. The debate among scholars regarding the subject illustrates a lack of consistency in the results and therefore supports the need for additional research.

A critical aspect of the examination of ethical leadership is the optimal theoretical framing. Past researchers have applied several leadership theories in their examination of ethical leadership. I present a discussion of the dominant theories for framing the present ethical leadership research. I present common themes and overlapping concepts among the theories and their limitations. Many of the instruments used for measuring ethical leadership, which are encompassed in research, are described. Finally, I discuss arguments concerning the various instruments adding important considerations regarding their use and outcomes.

Transformational Leadership

A dominant theory applied in ethical leadership research is the transformational leadership theory (Burns, 1978). The ethical leader is central to transformational leadership, although it is a broad concept where leaders consider the emotions, values, ethics, and aspirations of followers, and where the leader attempts to make connections with followers observing their needs, desires and ambitions, and acts as a change agent motivating them to accomplish their aspirations and dreams (Northouse, 2016). Brown et

al. (2005a) also supported the argument that ethical leadership dimensions are rooted in transformational as well as charismatic leadership domains. The transformational leader can be morally inspiring for followers and to their organization, moving them to achieve greatness placing emphasis on morals and values (Bass, 1985; Burns, 1978).

Later scholars argued that an alternate transformational model exists and that leaders can be pseudo-transformational by motivating followers to act unethically or immorally (Bass & Steidlmeier, 1999). Proponents of the transformational model emphasized the moral aspects of leadership in addressing followers needs, arguing that transformational leaders motivate followers by role modeling, and articulating a clear vision helping them achieve more than expected, going beyond self-interests, and encouraging followers to pursue higher level needs and social priorities (Bass, 1985).

Within the transformational leadership theory, Bass described pseudo transformational leadership as the “dark side of leadership” which is “destructive” and “unethical” leadership practices (as cited in Northouse, 2016, p. 339). Northouse (2016) argued that scholars have emphasized the positive attributes of the transformational leader, and that it is vital to understand the negative behaviors of the pseudo transformational leader. Ciulla (2005) opined that leadership is far reaching and that the immoral actions of an unethical leader have negative implications on numerous people. Unethical leadership behaviors included dishonesty, self-serving, egotism, unquenchable determination, irresponsible regard for their actions (Ciulla, 2005). In their research, Schyns and Schilling's (2013) argued that the body of existing scientific evidence is limited related to leader ethics, however, they demonstrated a positive correlation exists

between unethical leadership and counterproductive follower behaviors. To expand the scholarly understanding of ethical leadership, I argue in favor of the view that one must also consider the behaviors of the unethical leader and the relationship on organizational performance.

There are criticisms regarding the transformational leadership model. While there is much in the leadership existing literature that involved the transformational framework, a lack of its application was found specific to top manager ethics. Opponents have argued that transformational leadership lacks “conceptual clarity” considering multiple activities and characteristics making it difficult to define parameters and measurements (Northouse, 2016, p. 178). Kalshoven et al. (2011a) argue that different leadership dispositions and attributes are important and affect leadership methods and core leadership traits, emphasizing differences in transformational and ethical leadership. Additionally, the theory handles leadership as a personality trait that leaders have rather than leadership behaviors that are learned. Significant overlap with dimensions of ethical leadership and transformational leadership exists (Zhu et al., 2015), yet the model inadequately addresses the complex dimensions of ethical leadership.

A widely applied measurement instrument used for testing transformational leadership is the Multifactor Leadership Questionnaire (MLQ). The instrument was designed to measure dimensions of transformational leadership based on interview responses from junior and senior leaders regarding their perceptions of leadership behaviors (Bass, 1985). The MLQ was advanced by Bass and Avolio (1997) and the instrument has gone through multiple iterations, refining its measures and improving its

validity (Northouse, 2016). Zhu et al. (2015) argues that the MLQ contains only one question that measures the ethics of the leader. As such, the MLQ instrument is limited in its capacity to measure the complex multivariate influences of leadership ethics and was decided to be inadequate in the present study.

Authentic Leadership

Authentic leadership is a relatively new theory, and one which is likely to continue to evolve and be enhanced with several variations in how scholars understand it (Gardner, Avolio, & Walumbwa, 2005; Northouse, 2016; Walumbwa et al., 2008). Dimensions of the authentic leader construct, as conceptualized by Gardner, Avolio, Luthans, May, and Walumbwa (2005), and Ilies, Morgeson, and Nahrgang (2005) emphasized the leader's intrapersonal self-concept, self-knowledge, self-awareness, and the leaders behaviors. They also stressed the leader's interpersonal perspectives, and the relational viewpoint between a leader and their followers. Morgeson and Nahrgang described the developmental concerns of the leader who nurtured their relationships with followers. While I found different references for authentic leadership in the extant literature, Walumbwa et al. (2008, p 94) provided a consolidated definition used for this dissertation.

A pattern of leader behavior that draws upon and promotes both positive psychological capacities and a positive ethical climate, to foster greater self-awareness, and internalized moral perspective, balanced processing of information, and relational transparency on the part of leaders working with followers, fostering positive self-development.

The authentic leader is self-aware with personal insights of their impact on others, and they can self-regulate their influences in a way that is beneficial to the development of others and the organization. Authentic leaders possess an advanced, highly developed internal moral compass built from personal experiences and standards which guide them. Authentic leaders actively seek input from others and are able to analyze information in a balanced and objective manner before making decisions (Northouse, 2016). Proponents of the model have suggested that internalized moral dimension influences how the leader behaves and that they act consistently regardless of societal or organizational pressures (Zhu et al., 2015). Inclusion of the authentic leadership construct was relevant for consideration in ethical leadership as it incorporates moral dimensions of individuals in leadership roles and their effect on follower's performance (Gardner, Avolio, & Walumbwa, 2005). However, Northouse (2016) argued that the moral dimensions of authentic leadership are not well developed and do not offer a complete explanation of how they affect other leadership dimensions.

The Authentic Leadership Questionnaire (ALQ) (Avolio, Gardner, & Walumbwa, 2007), developed and advanced by Walumbwa et al. (2008), has been often applied by researchers measuring authentic leadership. The instrument was validated cross-culturally surveying participants sampled from the United States, Kenya and China adding to its utility in providing generalizable results. The ALQ is comprised of 16 items measuring the four factors of authentic leadership (Northouse, 2016). By design, the ALQ separates the authentic leadership construct from other leadership theories including, transformational, servant, leader-member exchange, and importantly, ethical leadership

(Walumbwa et al., 2008). I found significant overlap in the ALQ measures relevant to the present study, however, important limitations concerning its application were observed. Of the leadership dimensions tested, only four items measuring internalized moral perspectives related to ethical leadership, and it is inadequate to account for the many dimensions that encompass ethical leadership (Zhu et al., 2015). Additionally, the ALQ is a self-assessment tool designed to help the subject identify their own level of authentic leadership and it is not intended as a research instrument (Northouse, 2016). Because of the limits in the authentic leadership construct and constraints in the ALQ, they are unacceptable for the present research.

Servant Leadership

The servant leadership construct is the third framework frequently referenced in ethics related research on leadership (Zhu et al., 2015). Servant leadership was first conceptualized by Greenleaf (1970) who also continued to expand on his ideas by defining it and providing context for his ideas found in source literature (Greenleaf, 1977). The theory's relevance to the topic was founded in the viewpoint that servant leaders are first and foremost ethical, leading in ways that serve their organization, the community, society, and others (Northouse, 2016). Additional scholarly contributions have been made by researchers who improved the theory identifying major characteristics of the servant leader (Barbuto & Wheeler, 2006; Dennis & Bocarnea, 2005; Laub, 1999; Sendjaya, Sarros, & Santora, 2008; Spears, 1998, 2002; van Dierendonck & Nuijten, 2011; Wong & Davey, 2007). Personal traits of integrity and honesty reflected dimensions of the moral person, and modeling behaviors aligned with moral manager

dimensions of ethical leadership (Zhu et al., 2017, 2015). There were opposing views among scholars found, some of whom maintained that the servant leadership attributes were still theoretical, requiring more empirical evidence validating the theory (Northouse, 2016; Zhu et al., 2015).

Following Greenleaf's introduction of servant leadership, various efforts were made by researchers to develop suitable scales for measuring servant leadership attributes and characteristics. In their work to construct an instrument useful for measuring servant leadership, Barbuto and Wheeler (2006) provided a scale that measured five factors of servant leadership. However, only one (altruistic calling) was associated with dimensions of ethical leadership (Zhu et al., 2015). The Servant Leadership Questionnaire (SLQ) (Liden, Wayne, Zhao, & Henderson, 2008) was a validated multi-dimensional instrument that measured seven factors aligned with servant leadership. The instrument proved useful in measuring servant leadership and drawing contrasts between transformational and leader-member exchange models of leadership (Barbuto & Wheeler, 2006). The SLQ is a 28-question survey testing seven factors comprising servant leadership. Relevant to the present study, however, only one factor (behaving ethically) reflected in four questions, aligned with ethical leadership, limiting its capacity to measure the multiple dimensions of ethical leadership (Zhu et al., 2015). It is for this reason, the SLQ was deemed not an appropriate survey instrument to answer the research question which were posed in this dissertation.

Situational Leadership

Situational leadership (SL) is not a leadership theory, rather it is a popular prescriptive design program which was found discussed widespread in current leadership literature and applied in many corporate settings. In the program, models of leadership behaviors that were trained in courses designed to advance positive organizational outcomes were discussed. Many of the leadership behaviors I found in the model were consistent and overlapped with the ethical leadership construct. The SL model, originally developed by Hersey and Blanchard (1969), has gone through multiple iterations (Blanchard, Zigarmi, & Nelson, 1993; Hersey & Blanchard, 1977, 1988, 1993), and has been implanted in leadership training at major organizations including pharmaceutical manufacturers pertinent for the present study.

The SL model was developed as a contingency leadership model that considered the developmental maturity level of followers, aligning the optimal leadership style best suited to support the individual follower. Required of the leader was their ability to adjust their leadership style that they applied with each individual team member considering their development level. The SL model entailed the identification of the follower's developmental maturity level based on their competencies and commitment. Leaders then adjusted their approach in an aligned manner based on the needs of the follower. The SL model emphasized the leader's ability to control the style of leadership they applied in different situations (Northouse, 2016).

Several instruments have been developed to support the SL model and were often used to appraise the needs of teams and individuals. The Situational Leadership

Questionnaire (SLQ) was found to be a popular instrument by researchers. Participants were asked to reflect on different situations from their work environment, and then selected their favored leadership style from various options (Northouse, 2016). The SL model's popularity was due to its clarity, ease of use, and the prescriptive guidance given to leaders based on their assessment of followers needs. Many organizations have implemented the SL model program as part of their leadership training.

There were several important criticisms of the SL model identified. For example, leadership scholars argued that the model did not explain the theoretical connections between the commitment of followers and their level of development within the model's four developmental quadrants (Graeff, 1997). Additionally, even though the SL approach improved performance (Northouse, 2016), subsequent studies failed to replicate the results or support the leadership assumptions proposed by the authors (Fernandez & Vecchio, 1997; Vecchio, Bullis, & Brazil, 2006). Furthermore, there was a lack of published scholarly research supporting the model's proposals (Northouse, 2016) and scholars argued against the validity of the SL design (Fernandez & Vecchio, 1997; Vecchio et al., 2006) suggesting little practicality of the model's methods (Vecchio et al., 2006). Because of the criticisms and gaps in scholarly support of the SL model, it was judged unsuitable for the examination of ethical leadership in the present study.

Social Learning Theory

Brown et al., (2005b) were first to examine ethical leadership through the lens of social learning theory. Advocates for social learning theory argue that within the leader-follower relationship, followers learn from leaders who role model "activities which

serve as guides for appropriate performances” (Bandura, 1977, p. 24). Mayer (2009) provided that where there are role models, members strove to emulate their behaviors. Individuals who command attention, such as top organizational leaders, are attractive to followers, and set acceptable codes of conduct. Organizational members observe the leader’s behaviors and practices and are influenced to behave in a similar manner. The leader employs methods that increase awareness and understanding of the acceptable conduct, along with communications such as written and visual references designed to enhance recall, and rewards appropriate behavior and punishes deviant behaviors to motivate organizational compliance. Drawing on social learning theory (Bandura, 1977), researchers have demonstrated positive relationships between ethical leaders and their influence on followers who exceeded expectations to achieve organizational goals (Podsakoff, Ahearne, & MacKenzie, 1997; Podsakoff, MacKenzie, Paine, & Bachrach, 2000). Their results demonstrated that follower and organizational behavior is positively related to ethical leadership, thereby leading to improved organizational outcomes.

Three processes have been demonstrated to be involved in modeling behaviors (Bandura, 1977). Within any social group, certain individuals are perceived as attractive to followers, more influential, and capture the attention of others identified as the attentional process. Brown et al. (2005b) argued that leaders became attractive through engaging behaviors and actions, and through demonstrated expected ethical behaviors. Leaders must first establish an ethical cultural climate through virtuous examples. They then reinforced modeled ethical behaviors through symbols designed to stimulate recall of expected behaviors referred to as the retention process (Bandura, 1977). Through

repeated exposure to the symbols, followers recall expected behaviors and then begin to emulate the leader's modeled behaviors. The third process, motor reproduction, involves leader-follower feedback which reinforces and motivates followers to align their behaviors. The present study proposed that each of the processes overlap and are represented by the mediating variables identified within the proposed model.

The ethical leadership scale (ELS), an instrument created and validated by Brown, et al. (2005b) has been used by scholars as they examine ethical leadership. Applying the ELS, the researchers found instrument reliability measuring many of the broad dimensions of the ethical leadership construct with leadership behaviors including integrity, fair treatment of followers, and holding employees accountable for ethical behavior (Brown et al., 2005a). For many scholars, the ELS has been useful when measuring ethical leadership from the perspective of the follower. However, the aim of this project was to examine ethical leadership from a multi-dimensional perspective and in the context of a global organization. The ELS is a unidimensional scale that is limited in its capacity to measure the different antecedent's multiple factors involved in ethical leadership. It fails to capture the multidimensional aspects of ethical leadership adequately for purposes of the present study.

Social Exchange Theory

Another theory used for the examination of ethical leadership is the social exchange (SE) theory. The SE theory, conceptualized by Homans (1958) was advanced by other researchers including Blau (1964). The theory emphasized the social interactions and the exchanges of value that take place between people. In an organizational setting,

the leader-member exchange represents a dyadic relationship between the leader and follower. Exchanges also occur in groups and are more accurately represented in the SE theory. Aligning with Kohlberg's (1984) moral development model, the social exchange and social learning theories overlapped with key aspects of the model. Kohlberg argued that there are three dominant stages of moral development including the (a) preconventional morality level where people develop morally by being obedient for fear of punishment, and they make moral decisions based on exchanging value in self-interests mirroring concepts found in the social exchange theory. Level two, called conventional morality, identified social learning, arguing that individuals make moral decisions based on conforming to social expectations because it is what is expected of them. The postconventional morality level, the third level, claimed that people are moral because it is what is best for everyone. Many concepts found in Kohlberg's model were consistent with the SE theory. For example, people sought rewards and avoided punishment, and relationships between leaders and followers were interdependent.

Organizational leaders are dependent upon the commitment of followers to accomplish the operational mission, while followers apply their labors to earn an income forming a symbiotic relationship. Leaders leverage rewards that encourage ethical behaviors and apply penalties for inappropriate behaviors. The SE theory held that people anticipated and acted on potential future rewards received through their exchanges (Blau, 1964). Finally, (Walumbwa et al., 2011) argued the social learning and social exchange theories have been widely used and highly useful theories. Based on the previous descriptions of social learning and social exchange theories, the present study applied

these theories as framing and sought to add to the understanding of ethical leadership and its influence on organizational financial performance.

Ethical Leadership Traits

Global Cultural Influences

Important considerations involving cultural influences and their related impact on leaders have been demonstrated as important considerations for researchers studying ethical leadership in global organizations (Kalshoven et al., 2011c). Societal and cultural norms, and the organizational climate were proven as significant dimensions having influenced leadership ethics (Kalshoven et al., 2011a). Resick et al. (2006) argued that a society's culture reflects unique differences in values and feelings regarding ethical leadership issues. Cultural variances have presented challenges for researchers interested in different global perceptions of leadership ethics and in developing empirical strategies for studying the subject.

The Global Leadership and Organizational Behavior Effectiveness (GLOBE) project examined cultural influences on leaders (House, Javidan, Hanges, & Dorfman, 2002). In the GLOBE project, House et al. (2002) conducted a multinational survey of middle managers representing 825 different organizations. Their results supported the argument of regional and organizational cultural clusters that influenced how leaders acted and behaved, and how their perceptions of effectiveness by followers were formed. The data from the GLOBE project has had a significant influence on leadership research, however, there was no direct examination of ethical leadership in the GLOBE project. Mihelic et al. (2010) supported the argument that leaders demonstrate different practices

that are connected to their organizational or societal culture. The current cultural literature on leadership reflects gaps in the understanding of global differences in the relationships present in ethical leadership and organizational financial performance.

Variables Influencing Perceptions of Ethical Leadership

Examination of ethical leadership and the relationship to organizational performance is central to the present study. It is not enough to be a good leader in the moral sense, leaders must also be effective tactically. After all, leaders are put into place for the very purpose of directing the organization towards achieving the mission. A body of scholarly literature exists that have identified different ethical leadership traits and behaviors that have been consistently demonstrated as positively correlated to organizational performance. The overlapping of many common ethical leadership traits and characteristics, verify that specific dimensions exist (Lawton & Páez, 2015). It is vital in advancing our understanding of the role of ethical leadership to the relationship of organizational financial performance by distinguishing differences in variables identified as most relevant to the topic.

Over the past decade, researchers have studied a variety of concepts aligned with ethical leadership. Scholars have debated over a variety of leadership traits and behaviors, and many were found in the literature and are presented. Kalshoven et al. (2011a) examined Goldberg's (1990) big five leadership personality traits (extroversion, conscientiousness or dependability, agreeableness, emotional stability, and culture or intellect), and found that only two, conscientiousness and agreeableness, were statically correlated to ethical leadership.

Relative to this study, I argued that ethical leadership is complex and involves overlapping ideas and concepts. For example, virtuous leadership, including integrity and authenticity, were found in past research and often described ethical leadership. Lawton and Páez (2015) recommended that researchers should examine leader virtues including integrity and authenticity, along with leader practices and purposes when examining ethical leadership. Lawton and Páez proposed a three-dimensional model for examining ethical leadership which incorporated leader virtues along with leader practices, and purposes. Their three-dimensional model intersects with five principles of ethical leadership presented by Badaracco and Ellsworth (1991) which encompassed leadership practices including respect for others, serving others, and building community, as well as, leader virtues. Burns (as cited in Northouse, 2016) argued that leaders demonstrate ethical practices in several ways. Leaders establish respect for followers by listening and perceiving them as individuals with unique values and personal goals, treating them with empathy, confirming their beliefs, demonstrating fairness in how they allocate resources, provide opportunities, and administer rewards and discipline.

Serving others is a fundamental trait described by many leadership scholars. A vital task of leaders is to serve others through their vision and how their vision shapes the organization (Northouse, 2016). Senge (as cited in Northouse, 2016), maintained that ethical leaders serve followers by establishing and stewarding an ethical vision for the organization that is greater than themselves and that followers embrace.

Leader purposes are addressed by how leaders build up their followers and the community they serve. An ethical leader reveals their purpose through their concern for

others and the social issues that they emphasize and support. Purposeful ethical leaders do not impose their will, rather they seek a common goal that is agreed upon by the leader and their followers. For the ethical leader, a common purpose is larger than the individuals involved. A common ethical leader purpose includes a concern for community, and it benefits all parties. Ethical leadership demands that the leader's purpose includes consideration of commonly agreed upon goals with a higher moral purpose (Northouse, 2016).

This study followed the Lawton and Páez 's (2015) assertion of the utility of a three-dimension model for studying ethical leadership. I examined the relationship of leadership virtues, practices, and purposes as mediating variables and their effect on the relationship between top managers' ethics levels and organizational financial performance.

Ethical Leadership Descendant

Financial Outcomes

There is a dearth of relevant evidence that describes relationships with top managers ethics and the organization's financial performance. A common challenge researchers face as they examine the effects of ethical leadership is identifying how to consistently measure financial performance (Suriyankietkaew & Avery, 2016). Suriyankietkaew et al. (2016) argue that a reliable measure of financial performance is needed to consistently examine the relationship of ethical leadership to organizational financial outcomes achieving generalizable results. Scholarly interest regarding (un)ethical leadership at a global level continues to encourage researchers to test different

theories, however, few have examined its effect on organizational financial performance. Supporting the argument, Wang et al. (2017) posit that “there is relatively little exploration of how ethical leadership at CEO level influence firm-level performance” (p. 96). In a study of firms based in China, researchers examined the relationships of various orientations of ethical leadership including leader humane, leader responsibility, and leader sustainability orientations and found a positive correlation to the firm-level financial performance (Wang et al., 2017).

Global differences in ethical leadership based on cultural perspectives, regional variations where organizations are owned by governments, and different accounting practices challenge researchers examining relationships seeking to identify results that can be generalized. As noted earlier, many organizations have placed, sometimes at great costs, programs and training designed to emphasize a desired culture of ethics. Additionally, many top managers within organizations, are held accountable for meeting both, the ethical goals and financial goals. It has been noted that a leader’s accountability to these goals, may be in conflict, and pose significant challenges. Inappropriate organizational priorities may be responsible for driving problematic outcomes. Executive leaders who successfully deliver on financial performance goals that satisfy stakeholders, may leave their organizations morally bankrupt if their sole measure of success is financial results. Their ability to balance financial results with an ethical leadership principle is critical.

An organizational leader’s emphasis on technical competence often conflicts with the perspective of followers who prioritize integrity as important for their superior

(Hogan, Curphy, & Hogan, 1994). The conflict is supported by researchers who found that executives must proactively establish their reputation as an ethical leader or risk follower misperceptions of them as an ethically neutral or unethical leader whose only priority was on organizational profits (Treviño et al., 2000). Executive leaders set the ethical climate for the organization and proactive and consistent communications should be a part of an ethical leadership strategy. Shin et al. (2015) found a positive relationship between top management leadership ethics and the culture of ethics in Korean organizations. In the absence of visible leadership actions that align with the organization's priorities, followers develop their own behaviors and often assume the bottom line takes precedence.

A variety of approaches have been taken by scholars to measure financial performance with diverse results for each. Suriyankietkaew and Avery (2016) examined organizational sustainability through the lens of leadership practices including ethical leadership and the impact on increased profitable growth among other outcomes. The authors examination, consisting of surveys taken by middle and front-line managers of small and medium size enterprises (SME) in Thailand, found a positive correlation between ethical leadership, as one of 23 sustainable leadership practices, and organizational financial performance. The authors suggested, however, that because the study was limited to Thailand, which they identify as a small developing country, and with SME organizations, generalizing their results to more developed countries was difficult (Suriyankietkaew & Avery, 2016).

For this study, identifying commonly accepted measures of financial performance was important. Within the literature surrounding the global pharmaceutical industry, a consistent and reliable financial measure was difficult to identify. As described earlier, generally accepted accounting principles are accounting standards applied for corporate accounting practices used to report financial outcomes in the United States and in many countries. Other countries may be less stringent or apply different standards for accounting practices or be motivated to present strong performance results to encourage investors. Frequently applied financial performance measures of publicly listed companies include sales revenues, capital expenditure, cash flow, net income, and profits (Suriyankietkaew & Avery, 2016). These financial measures were often found in similar research and served as the financial measures used, however, their continuity and replicability in a global setting were often different and difficult to generalize. To address this challenge, data gathered regarding top managers' self-assessment of organizational financial performance included questions regarding organizational net profits, sales revenues, and controllable costs.

Pharmaceutical Industry

Exploring the literature surrounding leadership ethics in the pharmaceutical industry reveals scholarly works that embody many of the leadership ethics elements. However, they do not address the complexity of the ethical leadership, nor do they provide adequate empirical conclusions that can be generalized. Many articles were found that described (un)ethical behavior involving industry or corporate ethics (Shaw & Whitney, 2016), marketing and promotional strategies (Mulki, Jaramillo, & Locander,

2009; Sismondo, 2013; Skandrani & Sghaier, 2016), industry sponsorship of clinical trials (Steiner, 2008), and concerns over patient protection in underdeveloped countries through contracted medical research (Adobor, 2012). Data found on top manager ethics within the pharmaceutical industry was less prominent in the literature and not suitable for this study. The scholarly works, regarding leadership ethics within the industry, provided few useful comparative discussions. In an older case study presented by Bowen (2004) involving one organization, antecedents to ethical leadership decision making were examined and found to involve an organizational culture of ethics, collaborative leadership, a global view towards innovation, a reward system for ethical behavior, and an organizational commitment to the analysis of ethics. Kieke (2013) argued that a pharmaceutical organization's ethical culture is established by its board of directors, and its practices and behaviors are then communicated from the board of directors to its leaders, who must provide clear direction and alignment of rewards. Questions remain about leadership ethics within the industry, and the broader application of results gleaned from scholarly works.

There is an essential level of trust expected among pharmaceutical manufacturers who invest in the research and development of medicines. Successful drug development enables companies to marketing new compounds to health care providers who prescribe them, and ultimately to patients who consume them. While a history of broken trust exists, the industry has made efforts through the guidance of organizations like the International Federation of Pharmaceutical Manufacturers and Associations (IFPMA) to self-regulate and to rebuild and uphold the trust (Shaw & Whitney, 2016). Along with

IFPMA Codes of Practice (IFPMA, 2012), new national codes including the Pharmaceutical Research and Manufacturers of America healthcare provider interactions code (PhRMA, 2008), and new rules regulating the global industry, reinforce the goal of rebuilding trust. Codes and laws regulating the industry are thought to be appropriate and serve as an important step, however, do not replace the need for ethical leaders.

Trends towards the globalization of the pharmaceutical industry demands reflection for this research which are vital. The literature surrounding the topic provides inadequate understandings and warrant additional investigation. For the industry, globalization provides market growth opportunities, the potential for improving financial results, and an improved capacity to invest in product development. It also brings about important societal benefits including access to quality effective medicines to patients in countries around the world. Pharmaceutical companies have grown market shares for their brands by building a global presence over the past decade. With this effort many new treatments have been made available to patients in countries where there are no resources or capacity to develop and produce them locally.

Organizational leaders who press for global market sales must do so while respecting the local laws and cultural ethos of the countries within which they operate. As with other industries, pharmaceutical leaders of global organizations establish the culture and ethical standards expected for operating internationally. In a United States based study, researchers demonstrated a positive relationship between organizational leaders and the ethical climate of members of the sales teams (Mulki et al., 2009). These results offer some confirmatory insights which are relevant for the present study, however, not

specific to the target leadership level of top manager ethics supporting the argument that new research is needed.

Summary

In Chapter 2, I described the ethical leadership theory and presented it as a unique and developing construct with distinct dimensions from other leadership theories. I identified a common definition found in the literature for ethical leadership and framing useful for this study. I also discussed the variety of research designs and constructs previously applied by investigators over the past decade which are considered relevant for this research. Drawn from the literature were descriptions of the independent, dependent, and mediating variables thought to be related to ethical leadership. Finally, I discussed research related to the topic of ethical leadership within the context of the global pharmaceutical industry and limitations found therein.

Seeking relevant literature addressing relationships between ethical leadership and organizational financial performance reveal a deficiency in our understanding and an opportunity to add to the scientific knowledge. Within the social sciences, there have been several landmark studies that have established the ethical leadership theory as an important and useful model for researchers. Researchers have recently used the theory to explain antecedents to leadership behaviors, follower perceptions of leadership, and organizational performance. While results from research discussing ethical leadership continues to add empirical evidence, much of it is limited and challenging to generalize more globally. The conclusion, based on this examination of the literature, supported the argument favoring greater scientific efforts revealing new insights supporting policy

development, organizational leaders, and the described purpose.

Chapter 3: Research Method

Applied Techniques and Practices

Leadership scholars, practitioners, policy officials, and industry leaders voice their interests in empirical ethical leadership research, which can provide fresh insights into the topic. Reports on the subject are broadly available and recognized for their important contributions. However, many practitioners argue that there is need for more work to be done to expand the limited body of scientific knowledge. In this dissertation, I sought to add to the existing body of literature and applied quantitative statistical methods to examine the relationships between ethical leadership, the independent variable, and organizational financial performance, the predictor variable. I expanded my research by examining mediating effects of top manager purpose, virtues, and practices to determine if outcomes can be predicted.

I begin this chapter with a review of the research design and approach that were applied to examine the question and provide a justification for each. I describe the sample population and size, the methodology used for sample selection, and a description of the characteristics of the selected sample participants. An explanation of the survey instruments used to collect data is provided, along with the data collection steps and the type of data collected and how the instruments and the data relate to each of the variables. A description of the data collection analysis and statistical methodologies and a discussion of the rationale for the selections of the statistical methods is then presented. Finally, descriptive and inferential data related to the hypothesis is discussed.

Methodology

Research Design and Inquiry Approach

I considered a postpositivist view in this nonexperimental study examining relationships between the independent and dependent variables. Questionnaires were used to collect data that measured the perceived ethical behaviors of top managers, and regression analysis was used to test the different hypotheses, allowing for predictive interpretations of the outcomes that could then be generalized (see Creswell, 2009, 2014).

The questionnaire methods of data collection were necessary for the selected participant population for several reasons. Selecting a sample from the target population and then surveying them using a validated testing instrument provided for a numeric quantifiable description of the trends in behaviors that are reflective of the population (see Creswell, 2014). Additionally, administering a web-based strategy surveying a sample group was simpler and more efficient and cost effective than surveying the target population.

The statistical methods for correlational analysis of samples are also widely applied in the social sciences, accepted in the scholarly peer-reviewed literature on the subject, and provided meaningful insights and generalizable results. An objective of this dissertation was to identify behavioral trends in global ethical leadership from the sample that adds new insights to the scientific body of literature and that are generalizable to a global population. Finally, this was cross-sectional study, with questionnaires being administered at one point in time. The strategy aligned with the research plan and

provided for organized data collection allowing for an efficient interpretation of the results.

Setting and Sample

The global pharmaceutical industry is broadly comprised of numerous types of organizations of different sizes working in a variety of healthcare related activities surrounding research, development, marketing, and sales of medicines. To narrow the relevant industries where top organizational leaders were sampled, I adopted the North American Industry Classification System and the Standard Industrial Classification definitions for pharmaceuticals. The definition provided that the pharmaceutical industry includes “establishments primarily engaged in manufacturing in-vivo diagnostic substances and pharmaceutical preparations ... intended for internal and external consumption in dose forms, such as ampoules, tablets, capsules, vials, ointments, powders, solutions, and suspensions” (Pharmaceutical Preparation Manufacturing Industry, 2018, p. 6) and Standard Industrial Classification, 2834 (United States Department of Labor, n.d.). Industry sample populations also included biotechnology companies involved in research and drug development.

The global pharmaceutical and biopharmaceutical industry organizations were the total population selected for this study. Based on the North American Industry Classification System 2018 report, estimates of global pharmaceutical companies exceed 18,000 organizations worldwide meeting the pharmaceutical definition. The target population was top managers leading these organizations. As the outcome variable of interest was organizational financial performance and some of the organizations are

owned by governments where financial performance data are not publicly available, I excluded these organizations for consideration. Participant selection was limited to those organizations whose financial performance records could be documented by the top manager during the questionnaire.

A multistage cluster sample framing strategy was applied to access to top managers. I used an on-line electronic survey method for capturing participant responses. In the first stage, global pharmaceutical organizational top managers were recruited applying a nonprobabilistic convenience web-based and direct e-mail strategy by requesting top manager participation. Additionally, my recruitment strategies included web-based announcements of the research.

I anticipated prohibitive challenges with targeted recruitment and access to study participants, making the sample design optimal. Expanding on the first stage, a second web-based request was employed, targeted for organizations and their top managers as study participants who met selection criteria, specifically top managers of global pharmaceutical and biopharmaceutical organizations with more than 2 years of experience in their role. I screened the candidates to deselect individuals and organizations not meeting the study target population criteria. An organizational letter of cooperation was secured from participants' organizations.

Organizational or department financial performance was used to determine the top leader's impact over 2 years. Financial constraints for this research effort limited the questionnaire instruments for the study to the English language, and as such, restricted participation to only those top managers and their subordinates who were proficient in

English. Other elimination criteria used for screening applicants were individuals serving as middle and lower level managers and subjects leading organizations where organizational financial reports were not available.

I identified organizational clusters in the second stage. Associated organizational subordinate members were asked to complete the electronic ELQ instrument. The top manager was also asked to complete the SLQ. The questionnaires were coded for cross referencing the top manager and their team members using methods for blinding all participants. The nonprobabilistic design permitted potential bias in recruitment; however, the recruitment by a nonparticipating organizational member allowed for all members of their organization to participate. To ensure anonymity, I provided all subjects with an electronic cover letter describing the goal of the study, a process outline including instructions that could be used to recruit participants from organizational members, and informed consent disclosures. Willing member participants were then directed to access the questionnaire electronically with instructions on completing the process and submitting their responses. All company information and participant responses were held confidential, and only available to me. Additionally, the results and interpretations are only presented in aggregate form with no identifiable information.

As this was a global study, web-based and e-mail recruitment of participants provided for expanded access as well as cost and time efficiencies. Anticipated limitations such as governmental regulations restricting access in some countries, organizational rules that do not allow participation by leaders, and Internet access presented anticipated challenges to the method of sample recruitment. Additionally,

organizational overlap exists in international companies where there may be multiple top managers within the same organization and multiple top managers in various countries that lead the organization within a country. For this reason, the questionnaire asked the top manager to only report on the financial performance of their organization or division.

Determining the sample size needed from an unknown population posed difficulties. Furthermore, several studies have demonstrated challenges of successfully recruiting participants. As many as two-thirds of the targets recruited in many of the studies were nonresponders or chose not to participate. Additionally, as many as 10% of the participants dropped out. I reviewed the sample sizes taken from reference materials to determine the sample population needed to power this study to meet statistical significance. I examined 25 previously published peer reviewed reports of similar research regarding ethical leadership theories as references, a range of sample sizes was determined with a median sample size of 184 subjects. Considering these past experiences, a goal of 571 participants was needed to achieve the 184-sample subject goal needed for the study. Stratification of top managers based on gender, country of origin, size of the organization, and country where the leader was positioned within the organization was used. The research plan called for a request inviting top managers of global pharmaceutical companies to participate in the survey. Following the initial request and allowing for a 2-week response period, I sent a second request to additional organizations meeting the target population criteria. A third request was then sent in the same manner following a 2-week period, and a review of the progress was conducted. I

anticipated that the three requests would allow for an adequate number of participants to be achieved.

Instrumentation and Materials

Ethical leadership measure. As described in Chapter 2, various instruments developed by researchers have been applied to the examination ethical leadership. Many of them have been used for empirical research and have established a sense of ethical leadership. However, when looking to generalize their results to a global population, they have been less useful. Ethical leadership measurement instruments include the ELS (Brown et al., 2005b), Perceived Leader Integrity Scale (Craig & Gustafson, 1998), Ethical Leadership Work Questionnaire (Kalshoven et al., 2011b), SLQ (Barbuto & Wheeler, 2006), and ALQ (Walumbwa et al., 2008). These instruments have limitations or reflect nonrelevant answers that lead to confusing and confounding results as well as overlap with other leadership constructs (Yukl et al., 2013).

The Ethical Leadership Questionnaire (ELQ) (Hassan, Mahsud, Yukl, & Prussia, 2013; Yukl, 2010; Yukl et al., 2013) was the questionnaire instrument used to measure the independent variable of top manager ethical leadership. Permission to use the revised ELQ 10 item survey was provided (Appendix E). The ELQ was originally developed as a 15-item survey then later revised to a 10-item survey eliminating other types of leadership behaviors that are not directly related to measuring ethics including being supportive, fair and unbiased when assigning tasks, sets the example of dedication and sacrifice, acknowledges mistakes and takes responsibility for them, and regards honesty and integrity as important personal values (Yukl, 2010). Questions found in the revised

ELQ are designed to capture participant perceptions regarding their leader's integrity, honesty, ethical behavior, and resulting in an ethical score. The revised ELQ 10 item survey was applied for this dissertation and a copy of both questionnaires are found in Appendix A and B.

The revised ELQ results in a mean score for the ethical leadership of top managers as perceived by subordinates and organizational team members. The original ELQ reflected key commonly identified dimensions of ethical leadership found in the literature including, (a) honesty and integrity, (b) consistent ethical behaviors and communications that speak to ethical behaviors, (c) fairness in decisions and dispersing of rewards, and (d) leader behaviors that demonstrate kindness and consideration for organizational members (Yukl et al., 2013). The revised ELQ limits the focus to only those behaviors indicating leadership ethics and many of the removed non-specific question are reflected in mediating leader practices. Also, by underscoring the importance of key ethical dimensions, the confusion and challenges brought about by the limitations described in other survey instruments are addressed.

Participants using the ELQ are asked to respond to 10 questions based on a 6-point Likert-style format where 1=strongly disagree, 2=moderately disagree, 3=slightly disagree, 4=slightly agree, 5, moderately agree, and 6=strongly agree. The survey was administered to subordinates who rated their leader on the key ethical attributes including honesty, integrity, consistency of ethical behaviors, communications of ethical values, altruism and ethical guidance (Yukl, 2010) and provides a mean score for the leader. Yukl and colleagues developed the ELQ to capture ethical leadership attributes gleaned

from previously applied ethical leadership surveys excluding possible confounding variables. Exploratory and confirmatory factor analysis were used to assess the discriminant validity of the ELQ. Principal component analysis and oblique rotation resulted in four distinct factors including ethical leadership, relationship, change and task behaviors. The factor loadings for ethical leadership demonstrated distinctions among the items and only three items had minor cross-loadings ($>.30$) with relational behaviors (Yukl et al., 2013).

The 10 questions of the ELQ were designed to study the significance of ethical leadership to leadership effectiveness. The responses measure subordinate's perceptions of their leader's ethicality based on their observations of the leader. For this dissertation I used participant's responses to the ELQ to measure the ethical leadership which served as the independent variable. The data was captured electronically. The database of participant responses was kept on file in a secure location and can be made available upon request.

Organizational financial performance measure. For measurement of the financial performance, the dependent variable, the Sustainable Leadership Questionnaire (SL) (Avery & Bergsteiner, 2010, 2011) was used. Organizational performance was found to be a broad and often used dependent variable, however, many researchers have examined performance using different measures ranging from multiple disciplines. A review of the extent literature demonstrated several approaches have been applied by scholars in their research regarding organizational financial performance. Researchers often applied multiple metrics when examining organizational financial performance, yet

paid little attention to their measurement construct relative to their focus of interest (Richard, Devinney, Yip, & Johnson, 2009). Richard et al. (2009) offered that as researchers explore organizational financial performance from the contextual discipline that they approach their research question, it is important that their financial performance construct establishes appropriate procedures for measures that can be combined, and the provides a method for combining the results. For purposes of this dissertation, three common financial performance measures including net profits, sales revenue, and controlling costs were used as measurements of financial performance.

Mediating variable measurement. The mediating variables involved in top manager practices, purposes and virtues encompass multiple dimensions of leadership behaviors. The SL questionnaire also embodies broad concepts identified as honeybee leadership practices that converge with the leadership practices, purpose and virtues mediating concepts and attributes of interest. “SL proposes 23 leadership. . . practices that cover multi-faceted management systems, principles, processes, and values” (Suriyankietkaew & Avery, 2016, pp. 2-3). A copy of the SL questionnaire used for this project is available as appendix (Appendix C). The 23 SL honeybee practices that served as the foundation of this research and their descriptions are listed in Table 1. Authors of the SL questionnaire recommends that organizations, in order to be financially successful, must strike a “balance between economic, social, and ecological objectives while attaining high performance, resilience and sustainability” (Avery et al., 2016, p. 2), and the SL practices are operationalized by how closely the top manager perceives their organizational alignment with the honeybee practices (Avery et al., 2016).

For this study, I argued that the 23 SL practices characterized in the survey questions embody and are represented in the mediating variables. This study grouped the 23 SL practices into one of the three mediating variables using definitions found in related ethical leadership literature and presented in Table 2. For this process, SL questions that refer to and ask about what the leader does as part of their daily habits that exemplifies moral excellence, as well as, their actions and direction towards their followers (Lawton & Páez, 2015; Suriyankietkaew & Avery, 2016) were grouped as leadership practices. SL questions which focused on the leader's perceptions of honesty, integrity, morality, and a leader's vision for the organization promoting the common good (Lawton & Páez, 2015) were categorized as leader virtues. These are also represented by the organizations mission and vision statements and how they are communicated. SL questions were grouped in the purpose category based upon their focus towards perceptions regarding principled objectives, leader relationship with organizational members which are often described as trusting and loyal, social and community concerns, and their concern about how their relationships effect desired outcomes. Of note, leader ethics is included in the SL model; however, for this study it was measured using the ELQ, and it is the independent variable of interest. The SL model places leader ethics as a practice; however, this inadequately represents the complexity of leadership ethics and the remaining SL questions are reflected in the top leader practices, purposes and virtues. It was, therefore, important to examine the leadership ethics independently seeking greater clarity as the independent variable.

Table 1

Sustainable Leadership (SL) Practices and Descriptors

Sustainable leadership practice	Description of the sustainable leadership practice
Developing people	Develops everyone continuously
Labor relations	Seeks cooperation
Retaining staff	Values long tenure at all levels
Succession planning	Promotes from within when possible
Valuing staff	Is concerned about employee welfare
CEO and top team	CEO works as top team member or speaker
Ethical behavior	Doing the right thing as an explicit core value
Long term perspective	Prefers the long-term over short-term profits and growth
Organizational change	Change is an evolving and considered process
Financial independence	Seeks maximum independence from others
Environmental responsibility	Protects the environment
Social responsibility	Values people and the community
Stakeholder consideration	Everyone matters
Strong, shared vision	Shared view of the future is essential strategic tool
Decision making	Is consensual and devolved
Self-management	Staff are mostly self-managing
Team orientation	Teams are extensive and empowered
Culture	Fosters and enabling, widely shared culture
Knowledge sharing and retention	Spreads throughout the organization
Trust	High trust through relationships and goodwill
Innovation	Strong, systematic, strategic innovation at all levels
Staff engagement	Values emotionally committed staff and the resulting commitment
Quality	Is embedded in the culture

Note. The sustainable leadership model contains 23 practices including ethical behavior as a leader practice. The SL model was adapted from Avery and Bergsteiner (2010).

Supporting the SL “honeybee” model, research has provided confirming evidence of the relationship between the sustainable leadership practices and organizational performance. Researches working in Thailand with small to medium sized organizations demonstrated correlations with sustainable leadership practices that were positively associated with organizational financial performance (Avery et al., 2016). It has also been proposed that sustainable leadership practices relate to employee satisfaction which leads to organizational financial performance (Suriyankietkaew & Avery, 2014). Kantabutra and Avery (2013) argued that the sustainable leadership practices contrasted with the traditional short-term view of profit maximization and emphasized longer term goals. The 23 SL practices have not been consistently demonstrated to correlate to organizational financial performance. Unique to this dissertation, I argue that the 23 SL practices are captured in the mediating variables that were hypothesized to influence the relationship between top manager ethics levels and organizational financial results. Regression analysis was used with each of the three groups to test for mediated correlations that influence the independent and dependent variables.

An adaptation of Avery and Bergsteiner’s Sustainable Leadership Questionnaire was used to measure the sustainable leadership practices. The 57-item SL questionnaire was tested for robustness using Cronbach’s alpha and most items exceeded the threshold of .70 (Hair, Black , Babin, Anderson & Tatham, 2010; as cited by Suriyankietkaew & Avery, 2016), and is a reliable and valid instrument for the empirical application in the present study (Suriyankietkaew & Avery, 2016).

Table 2

Sustainable Leadership (SL) Practices and Their Associated Groupings

Sustainable leadership practice	Designated grouping
Developing people	Leader practice
Labor relations	Leader practice
Retaining staff	Leader practice
Succession planning	Leader practice
Valuing staff	Leader virtue
CEO and top team	Leader practice
Ethical behavior	Leader virtue
Long term perspective	Leader purpose
Organizational change	Leader purpose
Financial independence	Leader virtue
Environmental responsibility	Leader virtue
Social responsibility	Leader purpose
Stakeholder consideration	Leader purpose
Strong, shared vision	Leader purpose
Decision making	Leader practice
Self-management	Leader practice
Team orientation	Leader purpose
Culture	Leader purpose
Knowledge sharing and retention	Leader practice
Trust	Leader purpose
Innovation	Leader purpose
Staff engagement	Leader purpose
Quality	Leader virtue

Note. The SL practices were designated to one of three hypothesized mediators. Assignments were cross matched based on terms and descriptions found in the literature.

The ELQ and the SLQ were administered electronically through SurveyMonkey[®]. Upon receipt of a signed Letter of Cooperation from an authorized company agent, an introductory letter was sent to the agent that described the research project and their role in distributing electronic invitations to top managers and their team member participants. The letter provided the necessary disclosure information, and an invitation to access the appropriate questionnaire. The letter included a unique code used for cross matching top manager responses with their team members responses. A hyperlink to the online questionnaire was also included in the invitation. Informed consent documents were provided electronically to participants prior to them being able to access their questionnaire. Subjects were required to review and check a box indicating their understanding of the research and potential risks and their approval before participating. Participants names and identifications were blinded using a coding methodology to protect anonymity.

The raw data was received through electronic responses and were collected through the SurveyMonkey website. The data was saved for future reference on a secure hard drive. The data collected were stored in accordance with University IRB protocols for five years upon completion of the project for reference and future interest. No other applications of the data collected for this study were expected. Physical hard copies of the survey responses were also stored in compliance with University IRB protocols, protected for five years in a secure location for reference and future interests. Aggregated results were used for interpretation.

Data Collection and Analysis

Data type collected was both descriptive and inferential for analysis and interpretation. Examples of descriptive data in this study includes gender of the participant, age range, education level, and years in position. The data was examined for extreme outliers or erroneous data points and then cleaned, eliminating it from the analysis and interpretation. Types of data collected were nominal, ordinal and interval/ratio. Ordinal data was collected with the ELQ and was used for identifying a top manager ethical score providing a mean average across the ten items in the survey. The ELQ is based on a 6-point Likert type response (1 = *strongly disagree*, 2 = *moderately disagree*, 3 = *slightly disagree*, 4 = *slightly agree*, 5 = *moderately agree*, 6 = *strongly agree*).

Items found on the SL questionnaire capture mixed types of data which were used for examining the mediating relationships between the independent and dependent variables. Non-parametric statistics were used in this study as the data met commonly accepted principles as described by (Warner, 2013). The commonly observed rules suggest that non-parametric dependent variables may be either nominal or ordinal, scores on the outcomes need not be normally distributed, the variance across groups are not required to be equal, and outliers do not present a problem for non-parametric studies (Warner, 2013).

This study examined the relationship between the ethical leadership levels of top executives and their organization's financial performance. It also examined whether mediating effects of the top manager's practices, purposes and virtues exist.

A positive correlation was predicted among top leader ethics and the financial performance of the organization. Confounding this prediction was data found in the current literature suggesting that there was an impact of top leaders on the entire organization and the relationship was complex. The study examined the hypothesis that top manager practices, purposes and virtues mediate and have a positive impact on organizational financial performance.

Regression analysis was used to test relationships between the dependent and independent variables and the predictive relationship between top manager ethical level and organizational financial performance. It was also useful when more than one predictor variable was considered. This study distinguished among multiple variables involved in ethical leadership that impacts an organization's financial performance, and regression analysis methods are designed to help researchers identify the variables most influential in importance and others that are less impactful. SPSS statistical tools were used to test for fit among the X and Y variables.

Baron and Kenny (1986) mediation model used to examine the relationships among several causal hypothesis was used. Warner (2013) argued that mediation was present when the result on the dependent variable (Y) from the independent variable (X) was transmitted by another variable. In the present study, I hypothesized that the effect of top managers' ethics levels on organizational financial performance was mediated through top manager practices, purposes and virtues. Indirect path mediation as represented previously in Chapter 1, Figure 1 illustrated the

hypothesized correlations. The first step in testing for mediation was to establish path coefficients through a series of regression analysis which tested the strength of the associations between the variables. A test for evaluating statistical significance of the mediated paths was also necessary. SPSS was used to conduct each of these statistical analyses.

Steps for protecting participants. Protecting individuals who participated in the study was of vital importance and steps were taken to ensure anonymity. All steps available for the protection of the individual participant's data and identification followed the Walden University IRB Guidelines. The Walden University Institutional Review Board approval number for this study was 07-01-19-0030993.

A letter which outlined the research protocol and the research questions was presented to all stakeholders. Individuals who expressed interest were instructed regarding how the research was to be conducted and they were asked to consent electronically on the informed consent form provided through the SurveyMonkey website. The consent form provided specific instructions on participation and communicated that their participation was voluntary and that they may discontinue at any time without penalty. Additionally, subjects were asked to verify their ability to participate based on their organization's policies.

During the data collection process, survey responses were coded such that only I as the primary researcher had access to the responses. All data captured was put into a data file that was conducive to SPSS, and as the data was analyzed, the

participant identifiers were kept separate and independent of their responses. At the completion of the data analysis, electronic files were kept in a secure location. Future access to the data would be limited to formal requests and based on Walden University IRB requirements. No additional use of the data was anticipated.

Threats to validity. As discussed, it was anticipated that the target sample group, top managers, may present a difficult population to engage as participants in the research. Additionally, using a convenience sampling strategy, represented threats to the external validity. This study captured responses from top managers who lead global pharmaceutical enterprises, and who represented the types of responses that were needed to address the research questions. To manage this threat, a precisely crafted letter was used to invite members of the target population to participate. As part of their responses, the subject's role was identified for eligibility and used only after confirming that they met the criteria specified.

The possibility of an additional threat to internal validity was identified as the participants expressed concerns over the sensitive nature of ethics related questions. Again, as part of the invitation process, the letter of invitation included a comprehensive outline of the study design, with the steps taken to protect participants identities. Also, reassurances to participants that their responses were blinded and only available to me, and that results were only presented in aggregate form with no names of organizations or participants included provided additional support addressing participants concerns.

Summary

Chapter three discussed the research methods which were employed to examine the relationships which were thought to exist among top managers' ethics levels and organizational financial performance and other mediating variables. In it, I identified top managers within the pharmaceutical industry as the study population, the sample selection criteria, and the strategies used for recruiting participants. I also reviewed survey instruments that were used, including the SLQ and the ELQ. A discussion of their validity for researching questions was also presented in this chapter, along with the benefits and the measures they provided. Measures of the ELQ included the top managers' ethics levels as perceived by their followers. The survey questions contained in the SLQ enabled me to distinguish differences in the leadership practices, purposes, and virtues as mediating variables and their relationship to financial performance. Finally, within the SLQ were questions that captured the financial results as perceived by the top manager.

Chapter 4 shifts to the presentation of the data analysis and interpretation of data taken from the surveyed participants. Each of the hypothesis are discussed and descriptions of the results and their impact on the research questions. The data is presented where relational comparisons among the variables are made for greater understanding of results. These results provide important insights and contribute to the growing knowledge regarding ethical leadership.

Chapter 4: Results

Introduction

Ethical leadership is thought to be essential for organizational performance across multiple industries, and interest in the subject has grown as evidenced by recent scholarly articles. Many authors have argued in favor of additional empirical research to aid policies regarding ethical leadership. Current literature that addresses the effects of ethical leadership on organizations reflect inconsistent outcomes. Research offering new and reliable insights promises to aid leaders as they direct their organizations and benefit the societies they serve.

Determining the effect that top managers' ethic levels have on organizations is crucial in setting policies. The purpose of this study was to examine relationships of top managers' ethics levels and organizational financial performance while testing whether mediation exists with top manager practices, purposes, and virtues. I examined the various facets that are thought to involve ethical leadership and are critical for improving financial performance. To date, limited evidence is available correlating these two variables, yet many companies commit important limited resources annually on recruiting, hiring, and training to support the advancement of an ethical culture. Ethical leadership theory was used to frame the study as a new theoretical construct, adding to the body of scientific evidence.

The primary research question for this dissertation was whether there is a correlation between top manager ethics levels to organizational financial performance. Additionally, whether top manager perceptions of their practices (how

they perceive what they do), purposes (their insights of why they do what they do), and virtues (perceptions regarding honesty, truthfulness, and integrity) mediates the relationship between top managers' ethics levels and organizational financial performance. The hypothesis was that there is a statistically significant correlation between the variables and that mediation provides an explanation of the relationship.

A sample population of senior leaders within the (bio)pharmaceutical industry served as the target research population for the study. Because of strict regulatory oversight, distinctive industry product patent life cycle, and the need for acquisition, development, and marketing of new medicines to maintain profits and sustainability, there was significant homogeneity among top managers and their companies. Top manager leaders with senior titles including CEO, president, and vice president leading organizations within the (bio)pharmaceutical industry were identified for the study and were recruited and screened as research subjects.

In this chapter, I describe the data collection and findings of the research. A description of the time frame and response rates for the data collection as well as, discrepancies in the data collection from the plan are included. Baseline sample descriptions, sample demographics, and a comparison of the sample population to the desired study population is presented providing for external validity. I also discuss descriptive statistics that characterize the sample population and an evaluation of the statistical assumptions appropriate to the study. The results of the statistical analysis of the data representing each hypothesis question, along with the statistical probability values, confidence intervals, and effect size are reported.

Finally, a summary of the results concludes the chapter where each of the research questions are addressed, considering the new findings based on the research conducted in the study.

Data Collection

Following Institutional Review Board approval, recruitment of participants occurred over 12 weeks. Recruitment invitations were sent out to 338 pharmaceutical organizational top managers leaders using the social media site LinkedIn or emailed directly. LinkedIn was selected as it permitted for the superior recruitment of targeted top managers by title within the desired study population. As part of the recruitment process, a signed letter of cooperation (LOC) was required by an authorized nonparticipating agent of the organization permitting leaders to participate. Five LOCs from separate organizations were received. Top manager participant response rates were less than 1% and lower than expected. Once approved, separate email invitations were provided to the company agent to distribute to potential leaders and their direct report team members.

Corporate financial performance scores using indirect measures based on top manager perceptions in sales growth and net profits and the organization's ability to control costs over the past 3 years were calculated using responses from five top managers from five separate (bio)pharmaceutical companies using data captured with the SLQ. Top manager ethical leadership scores were also calculated from team member responses to the ELQ. Team member participants were identified by organizational agents who recruited subordinates of the top managers who were then

invited through emailed letters. Invitations were coded for purposes of cross referencing the responses from the top manager and their team members without disclosing their identities.

Of the 338 top managers invited to participate in the project, 30% were female and 70% male; however, of the five organizational leaders, 100% of the participants were male. Most of the respondents (80%) were between the ages of 45 to 54 years old with 20% aged 55 to 60. Eighty percent of the participants had master's degrees, and 20% had a medical doctoral degree. The top managers were leading (bio)pharmaceutical companies ranging in financial worth from \$500 million to \$25 billion. Finally, 60% of the companies had been in operation less than 20 years, and 20% more than 100 years.

Several contributing factors were identified which contributed to the low response rate, including the sensitive nature of the research subject regarding leader ethics, multiple levels of approval that were often required, limited organizational leaders who were willing to take part, and the perceived risks for disclosing of propriety financial data. Also, restrictions in LinkedIn's tool functionality made it difficult to provide candidates with adequate information describing the research and the process to participate. This limitation required a response by subjects to an invitation to connect before being able to provide them with the complete study invitation and the process overview. Additionally, the organizational review process often required an approval by legal counsel, human resources, and other senior officials before the top manager could participate. These steps were not anticipated

and often eliminated candidates who might have otherwise been willing to contribute their responses.

The IRB requirement of organizational approval prior to participating that was confirmed through a LOC added steps that involved the identification of an authorized nonparticipating agent of the organization who could review and sign the LOC before research candidates could participate. This necessitated an explanation to the agent of the process and considerable follow up activities by the agent as they assumed the role of distributing the materials to the top manager and their team members while maintaining participant confidentiality. These additional measures, not incorporated in the original recruitment plan, made the procedure cumbersome and more time consuming than expected. Three waves of invitations to participate were also described in the research plan and extended the time required. While a second and third wave of invitations were sent, the response rates were only minimally improved.

The sample population was representative of (bio)pharmaceutical leaders and their teams successfully targeted for this study. All the participants held senior level leadership positions including vice president, president, and CEOs of their respective organizations. Additionally, team members were limited to direct reports of the top managers who were able to provide responses that were reflective of their top manager ethics level.

Results

In response to the research questions investigating correlations between top manager ethics levels and organizational financial performance, and whether mediation occurs between top manager practices, purposes, and virtues thought to affect the relationship, I applied the steps for the Baron and Kenny (1986) model to test for mediation. Step 1 of the model called for conducting regression analysis to test for a correlation between the predictor and outcome variables. In Step 2, I used regression analysis to test for relationships between the predictor variable and the mediating variables. Finally, in Step 3, I used regression analysis to look for correlations between the mediating variables and the outcome variable.

Researchers have previously concluded that if any of Steps 1 through 3 are found to be nonsignificant, mediation is not possible or likely (Kenny, 2018). However, statistical significance may provide less useful insights as the coefficients are stated in zero and nonzero terms and not statistical significance (Kenny, 2018). Kenny (2018) asserted, “Contemporary analysts believe that the essential steps in establishing mediation are steps 2 and 3” (para. 4), which may also provide meaningful results.

The independent variable top manager ethical leadership score was calculated using the 10 questions that comprise the ELQ (see Yukl, 2010). Each question was coded so that *strongly disagree* = 1, *moderately disagree* = 2, *slightly disagree* = 3, *slightly agree* = 4, *moderately agree* = 5, and *strongly agree* = 6. The top manager perceptions for the 23 sustainable principles incorporated in the SLQ were coded,

and a score for each variable was calculated (see Avery & Bergsteiner, 2010). These scores were used to calculate the dependent variable organizational financial performance and the mediating variables. The coding involved applying a numerical value to the range of possible responses so that *strongly disagree* = 1, *disagree* = 2, *neutral* = 3, *agree* = 4, *strongly agree* = 5, and *don't know* = 0. The organizational financial performance was calculated by the coding of the responses and was calculated from top managers' perceptions of organizational 3-year sales and revenues, capital expenditures, cash flow, and net income.

Preparation of the data for statistical analysis included assessing missing data from the survey responses. Due to the small number of participant responses, I decided not to exclude participant's data where they responded with "don't know". The SLQ design is separated into different sections. Where participants provided a "don't know" response to questions, these data were skipped, and the remainder of their answers were included in the data set for analysis. By examining the company and demographic data, this allowed for additional interpretation and provided some explanation for participant's responses.

For Step 1, a bivariate linear regression was conducted with X predicting Y. The predictor was top manager ethical leadership scores and the outcome was organizational financial performance. The regression analysis indicated that the ethical leadership score explained a non-statistically significant 3% of the variance, $R^2 = .03$, $F(1,10) = .26$, $p > .05$. The top manager ethical level scores were found to be a non-statistically significant predictor of organizational performance, $\beta = -.13$, t

= $-.51, p > .05$. The results of step one indicated that the null hypothesis for research question one was accepted, and the alternative hypothesis was rejected. The results of step one analysis also suggest that leadership practices, leadership purposes, and leadership virtues was not a mediator of the relationship to top manager ethical scores and organizational performance. Therefore, for research question two, the null hypothesis was accepted, and the alternative was rejected.

Steps two and three were also conducted and are presented in the results. Following the argument that step one results might not prove statistically significant with the small sample size presented in this research, the goals of steps two and three analysis were anticipated to expose additional insights regarding correlations with the mediating variables and the outcome variable notwithstanding their relative statistical significance. For step two, simple regression analysis was conducted with the predictor variable top manager ethical leadership scores, while the outcome variables were each of the three proposed mediating variables, leadership practices, principles, or virtues and were tested independently.

The results for step two regression analysis testing for a relationship with leadership practices was found to be non-statistically significant. The results indicated that ethical leadership explained a non-statistically significant 2% of the variance in leadership practices, $R^2 = .02, F(1,14) = .32, p > .05$. Top manager ethical leadership was found to be a non-statistically significant predictor of leader practice, $\beta = -.18, t = -.56, p > .05$.

Regression analysis was then used to test for a relationship with leadership purposes. Top manager ethics was found to explain a nonsignificant <1% of the variance in leadership purposes, $R^2 = .04$, $F(1,14) = .6$, $p > .05$. Ethical leadership was found to be a non-statistically significant predictor of leader purpose, $\beta = -.11$, $t = -.25$, $p = .81$.

Regression analysis was also used to test for a correlation with leadership virtues. The results of the regression test indicated that the top manager ethical leadership explained a non-statistically significant <1% of the variance in leadership virtues, $R^2 = .01$, $F(1,14) = .17$, $p > .05$. Top manager ethical level score was found to be a non-statistically significant predictor of leader virtues, $\beta = -.08$, $t = -.41$, $p > .05$. Step two analysis results were that top manager ethics score was not a statistically significant predictor of leadership practices, leadership purposes, or leadership virtue scores.

Step three involved conducting simple regression analysis using the three mediating variables, leadership practices, leadership purposes, and leadership virtue scores as the predictor variable, and organizational performance as the outcome variable. The results for step three regression analysis tests for correlations between top manager practices and organizational financial performance was found to be statistically significant. The results indicated that the leadership practice score explained a statistically significant 9% of the variance in organizational financial performance, $R^2 = .09$, $F(1,10) = 93.263$, $p < .05$. Leader practices was found to be a

statistically significant predictor of organizational financial outcomes, $\beta = .61$, $t = 9.66$, $p < .05$.

Regression analysis using the leadership purpose score as the predictor explained a statistically significant 8% of the variance in organizational financial performance, $R^2 = .85$, $F(1,10) = 59.167$, $p < .05$. Leader purpose was found to be a statistically significant predictor of organizational financial outcomes, $\beta = .50$, $t = 7.69$, $p < .05$. Finally, regression analysis with leadership virtues score as the predictor explained a statistically significant 9% of the variance in organizational financial performance, $R^2 = .93$, $F(1,10) = 139.075$, $p < .05$. Leader virtue was found to be a statistically significant predictor of organizational financial outcomes, $\beta = 1.042$, $t = 11.79$, $p < .05$. These results indicated a direct correlation between leadership practices, leadership purposes, and leadership virtues to organizational financial performance.

Summary

The results of the research presented in this report provide possible answers to the question as to whether a relationship exists between top manager ethical leadership and organizational financial performance, and whether mediation was responsible for the relationship. No direct correlations were found between top manager ethical scores and organizational financial performance. Additionally, no mediation was present. The conclusions were that top manager ethics level is a poor predictor of organizational financial performance in the pharmaceutical industry. This led to the conclusion related to research question one that no correlation existed

between ethical leadership levels and organizational financial performance and the acceptance of the null hypothesis, rejecting the alternative hypothesis.

Question two which asked whether mediation between leadership practices, leadership purposes, and leadership virtue scores explained the correlation between top managers' ethics levels and organizational financial performance. The results of this study indicated that there was no statistically significant mediation present. Therefore, the conclusion of this research regarding question two resulted in the acceptance of the null hypothesis, rejecting the alternative hypothesis.

Finally, beyond the scope of the research questions posed in this essay, there were found to be statistically significant positive correlations existing between top manager practices, purposes, and virtues with organizational financial performance. The results align with existing research and provide important insights and opportunities for organizations to examine these related leadership behaviors within the context of different organizations and industries. Figure 2 illustrates the results I found where top manager practices, or their observed behaviors and daily activities, and the virtues which describe their values explained 9% of the change in organizational performance respectively. Top manager purposes which defined why they behave as they do, was responsible for 8% of the organizational changes in financial performance. These findings were beyond the scope of the research questions posed, however, but warrant attention by organizations prioritizing ethics in their leadership hiring and training practices.

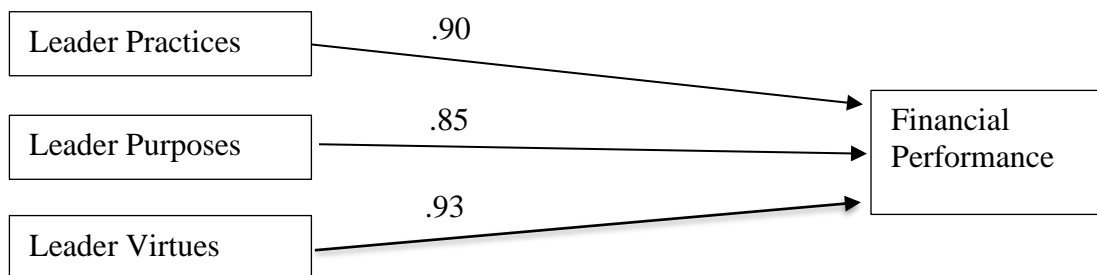


Figure 2. Correlations between top manager (leader) practices, purposes, and virtues with organizational financial performance (based on Baron & Kenny, 1986).

Chapter 5: Discussion, Conclusions, and Recommendations

Introduction

Leadership ethics theory is a complex, multifaceted, and expanding construct. As a recently described theory, promulgated by leadership scholars, ethical leadership has been shown to influence different aspects of organizational performance. An examination of current literature regarding ethical leadership provides researchers with useful definitions, characteristics, and descriptions of ethical behaviors exhibited by leaders, which were used to frame the present study. However, in the context of growing concern over global organizational scandals, scholars, organizational leaders, and policy officials have argued that expanded research addressing the need for greater understanding of the impact of ethics on organizations is required.

This empirical study expanded on ethical leadership theory by providing new data beneficial for informing organizational policies. It added fresh evidence advancing ethical leadership as a new and useful theory and positioned itself with new insights. The global pharmaceutical industry was selected as the research population because of its important responsibility in developing innovative new medicines that have a significant impact or in benefitting the health of society. In this study, I applied quantitative research methods surveying top managers of pharmaceutical companies and their teams. Their responses to the SLQ and the ELQ were used for data collection, and correlational analysis was conducted to test for relationships between variables.

Questions examined in this study were meant to test top managers' ethics levels' effects on organizational financial performance. I hypothesized that there is a positive

relationship between highly ethical top managers and their organization's financial performance. The topic is an important one in that leadership ethics and the impact on performance has been examined in the context of different industries and unique performance measures; however, financial performance has only been recently explored. I also investigated a series of secondary hypothesized assumptions that top manager practices, purposes, and virtues commonly highlighted in leadership journals act as mediators, affecting the relationship between top manager ethics and organizational financial performance.

Unexpected low participant responses for the study led to the nonstatistical significance in the results, negatively impacting the interpretation of the data. However, the conclusions are worth noting as they provide possible trends that suggest possible new areas and strategies for future exploration. Based on the described limitation in responses, the conclusions for Research Question 1 revealed that there is no statistically significant correlation between the top managers' ethics level as perceived by their team, and how their business unit or organization performs financially. These results were noteworthy considering the international emphasis placed on leaders in establishing and mandating a culture of ethics. Additionally, I used the Baron and Kenny (1986) model to test for mediation among the variables. According to the model, after testing and finding no correlations between the independent and dependent variables, I then tested and found no correlations between the independent and mediating variables. The results for Step 2 indicated that mediation between top manager practices, purposes, and virtues do not

explain a hypothesized relationship between top manager ethics and organizational financial performance.

Proceeding to Step 3 of the Baron and Kenny model, I tested for correlations between the top manager practices, purpose, and virtues, which demonstrated a statistically significant relationship exists with organizational financial performance. These exceptional results are relevant considering their importance in the deeper understanding of their impact on organizational financial performance. Each of the variables was shown to be positively related to the organization's financial performance. The outcomes were beyond the influence of ethical leadership, and the result recognizes useful insights for organizations as they consider policies and training designed to positively impact their results.

Interpretations and Findings

Leadership ethics, described in this report as a multidimensional concept, represents an important international priority for businesses, organizations, and governments. Leadership ethics has often been referenced and studied as a unidimensional construct; however, many researchers believe that to examine leadership ethics more effectively, multiple dimensions should be considered (Karim & Nadeem, 2019; Sharma, Agrawal & Khandelwal, 2019). I followed this assertion and examined the subject through a lens that included leader practices, purposes, and virtues as first described by Lawton and Páez (2015) in order to incorporate its multiple complex dimensions.

The existing empirical data regarding ethical leadership are incomplete in how past researchers have depicted them, and researchers have proposed and leveraged diverse theories for their investigations on the subject. For examining the relationship between top manager ethics and organizational performance, past studies were narrow in their scope, focusing their efforts to a single industry, country, or region, or overlapping definitions of leadership, making their findings problematic to generalize. In this study, I disagreed with the use of transformational, authentic, servant, and situational leadership theories to frame ethical leader research as seen in many studies. I determined that these theories were less appropriate as each of these theories was often too broad in its scope, weaving ethics into larger leadership designs, or too vague and unfocused relative to the treatment of leadership ethics. For example, many of the dominant leadership reports found in the literature incorporated behaviors or traits of leader ethics including trust, honesty, and integrity, which were considered and incorporated into this dissertation; however, these data were inadequate for answering the research questions presented here.

Ethical leadership as an independent variable and its relationship to organizational performance is important and is a pertinent new construct available to scholars. Evidence of its increased popularity is seen by a growing number of studies as more research on the topic is published and its relevance as an independent construct is seen in contemporary studies. An example of this is seen in a recent study conducted in Maharashtra, India where researchers found a positive relationship between the leadership ethics levels and organizational sales performance mediated by the trust in the leader (Miland, Radha, Neel, & Pratik, 2019). While the results of the present study failed in confirming that a

relationship exists between top manager's ethics levels and financial performance due to low participant response rates, the results are uniquely positioned among the current body of research as the analysis was focused on financial performance. My conclusions align with other more current research findings that involved other variables described as leader characteristics and behaviors, which were statistically correlated directly and indirectly to organizational financial performance. Results of an investigation performed by researchers in the Vietnamese textile industry served to illustrate this point where a company CEO's ethics style was shown to have a positive association to corporate social responsibility, which in turn resulted in improved financial performance for the organization (Nguyen, Doan, & Tran, 2019). Their findings and the results of this dissertation concur with the position held by scholars that ethical leadership is a complex and multidimensional construct that requires new research approaches to better understand its impact on organizations.

An interpretation of the results for each of the hypothesized mediating variables is worthy of mention as I found them to have a significant influence on organizational financial outcomes within the context of the pharmaceutical companies represented. Specifically, I demonstrated a positive association with top manager virtues and how well the organization performed financially. Virtues depicted in this study were manifested in how the top manager perceived the value of their staff, their orientation and response to financial influences, their concerns surrounding their impact on the environment, their commitment to operational excellence, and their recognition and direction towards ethical codes expected from organizational members.

Top manager practices were also noteworthy and were a statistically significant predictor of financial performance. I referenced practices as the top manager assessment of the handling of member disputes and how discipline is administered, the nature of the decision making process and the involvement of team members, actions reflected in hiring and retention, and setting and monitoring of work expectations.

Finally, top manager purposes were also demonstrated to relate to organizational financial performance. Purposes were characterized by how top managers perceived organizational planning strategies, change management patterns, the importance of organizational contributions to the community, the vision for the business, the team culture, trust, and tolerance of risk for the organization. Each of the mediating variables was shown to be accountable for part of the financial success of an organization, providing new empirical data and a deeper understanding of ethical leadership useful for organizational leaders, leadership scholars, and policy makers.

Limitations of the Study

The main aim of this study was to assess whether there was an identifiable relationship between top managers' ethics levels and organizational financial performance associated with global pharmaceutical companies. It also examined whether mediation exists with top manager practices, purposes, and virtues which might explain the hypothesized correlational relationship influencing the variables. Although this study performed a thorough survey, there were certain limitations while investigating the questions posed by this study. A grasp of the limitations will aid interested researchers as they endeavor to examine the topic in the future.

Plans for this study called for a minimum goal of 184 top managers and their team members who were employed at global pharmaceutical companies to participate. However, after the final collection and compilation of data, there were only five top managers and 17 team members who participated completing valid questionnaires. As previously discussed, the low response rates may have been the result of a lack of interest by top managers, the number of steps required to be completed by participants before they could take part, or by the concern over the potential risk associated with the topic. Since the topic was related with participant's perceptions of organizational ethics, there may have been apprehension by participants of exposing their organization to regulatory or organizational inspection following their involvement.

A target of this study was to capture responses from participants employed with firms within the larger global biopharmaceutical industry. While there were top managers representing global companies, the relatively small number of participants meant that the research findings failed to achieve the desired statistical power and results could reflect a bias, challenging the validity of the findings. The lack of statistical significance could have resulted in erroneous conclusions increasing the likelihood of type II error. There could in-fact be a significant correlation between top managers' ethics levels and organizational financial performance.

The use of convenience sampling methodology means that generalizing the results may also be problematical. I selected convenience sampling in order to increase the possible number of participants and to conduct the research affordably. However, convenience sampling has been often criticized due to the possibility of sampling errors

and the potential for biased results. Additionally, the sampled participants may not accurately reflect the target population presenting challenges when generalizing the findings. Therefore, researchers who attempt to conduct similar studies, may be well served in considering different methodologies for enlisting subjects.

The participation of top managers of large global pharmaceutical companies presented several recruiting challenges and was more difficult than predicted. The planned enlistment called for three invitation attempts directed at targeted individuals. Adhering to this protocol, I observed that many invitees did not respond to the invitations or declined to participate due to time constraints. In some cases, there were organizational policies in place that limited their ability to participate. Also, some organizations required formal submission of the research plan and all relevant documents for review by the organization's legal, human resources and compliance departments. In situations where organizational approval was necessary, I found that the added steps limited the willingness to participate by some candidates.

Furthermore, questions about the financial performance of organizations described in chapter one was also anticipated to present a challenge for data collection. Steps taken to remedy the challenge were to limit the number of survey questions, and to apply previously used questions that were found suitable in similar research. Expressed concerns of the types of questions regarding organizational financial performance by participants was identified as a reason by some for not participating in the research. Many organizations controlled the types of financial information that was shared or publicly disclosed and declined to participate. Allowance for a longer recruitment and response

timeframe should be considered to increase participation for future studies. The steps required for this study allowing for the company approval were also thought to contribute to the lackluster participation.

Finally, following the Baron and Kenny (1986) steps, testing for mediation, revealed a statistically significant relationship between the hypothesized mediating variables and the dependent variable. Notwithstanding the low participation rates, this finding is significant as it supports the view by many of there being a causal relationship between top manager practices, purposes, and virtues that overlap and can be useful predictors of organizational financial performance. More emphasis by organizational leaders on the importance of these variables in the recruitment, hiring and training of top managers should be considered as part of a holistic view for organizational leadership.

Recommendations

For many organizations, establishing a culture of ethics is a priority and ethical leadership is believed to set the standard expected of team members. Recognizing that there is a process for fostering an ethical culture and understanding the necessary actions, while still ensuring a strong financial result is essential for successful leaders. This study adds to the scientific knowledge of the topic by contributing new insights which may prove useful to organizations, leadership scholars, and other concerned stakeholders, however, there remains a need for further empirical research.

In this study, I examined leadership ethics within the context of the global pharmaceutical industry as a study population due to its uniform and consistent regulatory environment. Other industries have emphasized organizational ethics as it is

believed that a strong financial performance will follow. Nevertheless, the literature offers limited data that consistently confirms this assertion. The pharmaceutical industry is also unique from other industries because of its constant development of innovative proprietary products for sustainability. Other industries and governmental agencies may be suitable alternatives to consider for future research. Additional data is needed from scholarly studies that examine the impact of ethical leadership in multiple settings in order to develop more generalizable results.

This study, I also hypothesized that if the top manager of an organization scores high on how their team perceives their ethical leadership, then their organization or business unit will perform well financially. The result was a non-statistically significant correlation; however, this finding is thought to be in large part due to the small number of willing participants sampled from the target population of the pharmaceutical industry. As a result, a recommendation to more thoroughly examine the question presented in this study is to test the hypothesis in different industry settings. As previously described, many pharmaceutical leaders were either unwilling or unable to participate in a research project of this nature either because of company policies which prohibited them, or from the industry proprietary and highly controlled environment. Therefore, this response from unwilling candidates would suggest that, to more effectively examine the question, future research may draw from top leaders in a variety of industries where participation rates may be better, and where results might achieve statistical significance.

Discussed in Chapter 4, the results of this study further confirmed that a correlation exists between top manager practices, purposes, virtues, and organizational

financial performance. These findings are particularly useful for organizations. Literature describing ethics often references observed ethical leader behaviors and actions, which appear to advance an organizational culture of ethics. However, the data also demonstrates inconsistent recommendations regarding the multifaceted nature of leader ethics and how it supports organizational financial results. This study adds support to the argument that emphasizes this notion. Organizations desiring to promote ethics within their culture should consider how each of the three aspects of leader practices, purposes, and virtues are integrated into their recruiting, hiring, and training related activities. Furthermore, the alignment of the performance evaluation processes and rewards should be considered.

Implications

Organizational ethical leadership has been demonstrated important in multiple settings, and within the global pharmaceutical industry, it is essential. For pharmaceutical companies creating and marketing vital health sustaining medicines and related goods, establishing and maintaining a solid reputation is critical. Executives leading these companies are responsible for building a strong ethical standing and protecting it, while also maximizing company profits. However, ethics and financial profits are not mutually exclusive, and neither should be a singular focus for leaders. Unethical leadership can produce financial performance for a company, but at the cost of the organization's reputation. Alternatively, where leaders emphasize a culture of ethics as their dominant concern, organizational members may experience inconsistent direction to maximize performance results, while being punished for behaving in a way that is inconsistent with

ethical standards. The issue is particularly relevant for global companies with different regional ethical standards. In many cases where leaders are faced with unique regional standards, top manager actions may lead to negative implications for the organization's reputation.

The escalating public outcry regarding the consequences of unethical companies and the impact they have on society, underscores the concern for ethical leaders. Governments, communities, and consumers exert significant pressure on companies demanding they address violations in ethical standards. In many cases, industry corruption has shown to damage societal trust in institutions and people, hindering innovation, and it leads to social inequities (Peralta, 2013). An enhanced awareness and understanding of the complex nature and impact of ethical leadership on organizations and countries holds great promise, and ethical leadership theory signifies an effective construct for future research.

Conflicting outcomes by different researchers mean that continued efforts are needed to better understand the context in which ethical leadership creates organizational value and improves financial results. Recent research has shown that highly ethical businesses attracted investors, and resulted in enhanced company value (Mili, Gharbi, & Teulon, 2019). Conversely, Mili, et al. (2019) found no relationship in investor interest in a company and the organization's ethical performance. Their study reflects similar challenges of recruiting top managers, and the complex nature of the topic relative to the pharmaceutical industry. Important questions remain. For future research, different

methods for recruiting participants, and the examination of alternate industries may prove more effective in recruiting participants.

For pharmaceutical companies who are committing more resources towards addressing regulatory and societal concerns regarding ethics, empirical data providing consistent solutions to questions supporting the hiring, training, and directing of top leaders will prove useful. The results of this study added emphasis to the contention of many scholars that additional research examining the different facets of ethical leadership should incorporate leader practices, purposes, and virtues when testing for relationships with organizational performance measures. Furthermore, companies may benefit from evaluating results from current top manager hiring and training practices and the impact on organizational financial measures.

Conclusions

Ethical leadership theory is a relatively new construct and there is a need for advancing the theory considering today's global economy. Researchers have taken different methodological approaches to empirically test different aspects of ethical leadership and its influences on organizations. In this study, I examined one aspect, top manager ethical leadership, and analyzed its relationship to financial results for pharmaceutical organizations. Following accepted empirical methods from prior research, and focusing on variables which have been inadequately addressed, I hypothesized that where top managers are perceived as being highly ethical, they may be more successful developing an organizational culture of ethics that provides for improved economic outcomes for their company. While results from this research were not statistically

significant, other important insights were introduced and are worthy of further examination.

The relationship between the top managers' ethics levels and organizational financial performance were tested, along with what role top manager practices, purposes, and, virtues might have in mediating possible correlations. Results of this investigation revealed that there was no meaningful connection between the independent and dependent variables. However, this result was not surprising due to the low number of top leader participants responding to the questionnaire. Generalizing these findings from the data presented is therefore difficult, and further investigation is warranted.

This study, nevertheless, provides another interesting and important outcome that is remarkable. Applying the Baron and Kenny (1986) model of testing for mediation, there was a statistically significant relationship shown to exist between the top manager practices, purposes, and virtues with organizational financial performance in the global pharmaceutical industry. This outcome comports with the argument that ethics research examining leadership influences on organizational performance measures should include these variables and their related effects. Furthermore, it substantiates their effects on pharmaceutical organizations financial outcomes.

Ethical leadership from the perspective of the pharmaceutical industry is unique from previous research. In a highly innovative industry where there is significant governmental oversight, and recent criticisms of leadership abuses in public trust, understanding the impact of ethical leadership is essential. The potential benefits of expanding the scientific knowledge regarding the topic are important to consider.

Possible benefits include, greater efficiency in the use of limited resources applied towards developing new pharmaceutical compounds, improved equity in access to new treatments at lower costs, less potential harm to patients leading to reduced societal costs, and improved reputation for industry leaders and their companies.

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Appendix A: Ethical Leadership Questionnaire

Instructions: This questionnaire is designed to study the relevance of ethics to effective leadership. The term “unit” refers to the team, department, division, or company for which your boss is the formal leader, and the term “members” refers to the people in the unit who report directly to your boss. Please indicate how well each of the following statements describes your current boss by selecting one of the following response choices. Write the number of the choice on the line provided. Leave the item blank if you do not know the answer.

1. Strongly Disagree
2. Moderately Disagree
3. Slightly Disagree
4. Slightly Agree
5. Moderately Agree
6. Strongly Agree

My boss:

- ___ Shows a strong concern for ethical and moral values.
- ___ Communicates clear ethical standards for members.
- ___ Sets an example of ethical behavior in his/her decisions and actions.
- ___ Is honest and can be trusted to tell the truth.
- ___ Keeps his/her actions consistent with his/her stated values (“walks the talk”).
- ___ Is fair and unbiased when assigning tasks to members.
- ___ Can be trusted to carry out promises and commitments.
- ___ Insists on doing what is fair and ethical even when it is not easy.
- ___ Acknowledges mistakes and takes responsibility for them.
- ___ Regards honesty and integrity as important personal values.
- ___ Sets an example of dedication and self-sacrifice for the organization.
- ___ Opposes the use of unethical practices to increase performance.
- ___ Is fair and objective when evaluating member performance and providing rewards.
- ___ Puts the needs of others above his/her own self-interest.
- ___ Holds members accountable for using ethical practices in their work.

Appendix B: Ethical Leadership Questionnaire (Revised)

Leader to be described:

Instructions: This questionnaire is designed to study the relevance of ethics to effective leadership. The term "unit" refers to the team, department, division, or company for which the person listed above is the formal leader, and the term "members" refers to the people in the unit who report directly to that leader. Please indicate how well each statement describes the leader by selecting one of the following response choices. Write the number of the choice on the line provided. Leave the item blank if you do not know the answer. Your answers will remain confidential and will only be seen by the researchers.

1. Strongly Disagree
2. Moderately Disagree
3. Slightly Disagree
4. Slightly Agree
5. Moderately Agree
6. Strongly Agree

My boss:

- ___ 1. Shows a strong concern for ethical and moral values.
- ___ 2. Communicates clear ethical standards for members.
- ___ 3. Sets an example of ethical behavior in his/her decisions and actions.
- ___ 4. Is honest and can be trusted to tell the truth.
- ___ 5. Keeps his/her actions consistent with his/her stated values ("walks the talk").
- ___ 6. Can be trusted to carry out promises and commitments.
- ___ 7. Insists on doing what is fair and ethical even when it is not easy.
- ___ 8. Talks about the importance of honesty and integrity.
- ___ 9. Opposes the use of unethical practices to increase performance.
- ___ 10. Holds members accountable for using ethical practices in their work.

Appendix C: Sustainable Leadership Questionnaire

Code: _____

Thank you for participating in this survey about leadership in your organization. Please read the instructions and answer each by putting a mark (X) on your chosen response. If you make a mistake or wrong choice, please cross it out and put a new mark (X) on your new chosen response. For leadership position question 5, select the position that best describes your title or role.

This survey has been adapted with permission from the Sustainable Leadership Questionnaire© Harry Bergsteiner 2010.

Part 1. General Information – Please read each question and put a mark (X) on your response.

1. What is the name of your company?		Please specify: _____			
2. Are you male or female			Male <input type="checkbox"/>	Female <input type="checkbox"/>	
3. What is your age range?	<25 <input type="checkbox"/>	25-34 <input type="checkbox"/>	35-44 <input type="checkbox"/>	45-54 <input type="checkbox"/>	>55 <input type="checkbox"/>
4. What is your education level?	Highschool <input type="checkbox"/>	Bachelors <input type="checkbox"/>	Masters <input type="checkbox"/>	Doctoral <input type="checkbox"/>	Technical <input type="checkbox"/>
5. What is your leadership position or title		CEO/ President <input type="checkbox"/>	CFO <input type="checkbox"/>	Vice President <input type="checkbox"/>	Executive Leadership Position <input type="checkbox"/>

Part 2. Organizational information (for senior or top executive leadership only). Please read each question and put a mark (X) on your response.

6. What is your organizational size? (based on number of employees)	<100-999 <input type="checkbox"/>	1000-5000 <input type="checkbox"/>	5001-10000 <input type="checkbox"/>	>10000 <input type="checkbox"/>	
7. What is your organizations registered capital worth? (millions or billions \$)	<\$500M <input type="checkbox"/>	\$501-\$1B <input type="checkbox"/>	\$1.1B-\$25B <input type="checkbox"/>	\$25.1B-\$50B <input type="checkbox"/>	>\$50B <input type="checkbox"/>
8. What is the ownership type for your organization?	Regional <input type="checkbox"/>	Single Country <input type="checkbox"/>	Multinational <input type="checkbox"/>	Government <input type="checkbox"/>	
9. Does your company conduct import – export activities?	Import <input type="checkbox"/>	Export <input type="checkbox"/>	Both <input type="checkbox"/>	No <input type="checkbox"/>	

10. How long has your organization been established?	<5 Years <input type="checkbox"/>	6-20 Years <input type="checkbox"/>	20 – 50 Years <input type="checkbox"/>	51 – 100 Years <input type="checkbox"/>	
11. What was your organizations annual income last year? (M = millions, B = billions \$)	<\$50M <input type="checkbox"/>	\$56M-\$500M <input type="checkbox"/>	\$500M-\$1B <input type="checkbox"/>	\$1.1B-\$25B <input type="checkbox"/>	>\$25B- <input type="checkbox"/>

Part 3. Attitude about organizational leadership and management. Please read and put a mark (X) on a scaled number that corresponds most closely to your response (1 = Strongly Disagree – 5 = Strongly Agree; and 6 = Don't Know).

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Don't Know
1. Everyone has a good ongoing access to training and development in this organization.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
2. Training and development are some of the first things cut in difficult times.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
3. Employee representatives are involved in key strategic decisions.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
4. Disputes between leaders and employees are typically settled through external processes such as arbitration or the courts.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
5. If this organization had to lay people off, our leaders would support those affected in any way they could.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
6. Our leaders lay people off if it is necessary to achieve short term financial results.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
7. Our organization has a formal succession planning policy in place.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
8. Our organization fills many management positions with outside people.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
9. Our leaders treat people with respect, consideration and integrity.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
10. Our leaders are not involved in people's personal lives.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
11. Key strategic decisions are made by the top management team, not just by the most senior person – the CEO or President	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
12. In this organization the manager resolves difficult situations not at the senior management team.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>

13. As far as I can see, our organization consistently behaves ethically.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
14. I am aware that our organization has an ethical code of conduct that explains what is expected of all employees.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
15. The consensus of this organization is that we must always act ethically no matter how things get.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
16. Our decisions in this organization, are made with the long term in mind.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
17. Our leaders usually focus on long-term planning and strategies (e.g. long-term investment in technologies and / or long-term resource management.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
18. People in this organization think and act for long term success.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
19. When major change is planned, the affected people are consulted and involved.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
20. Our leaders carefully plan change to ensure new processes and behaviors suit the existing culture.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
21. When major change is necessary, our leaders handle it very carefully to minimize harm.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
22. Our leaders make business decisions that are right for the organization, even if financial analysts disagree.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
23. Our leaders believe that our organization must grow, whatever the cost.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
24. Environmental protection is a core value of this organization that influences behavior of employees, suppliers and even customers.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
25. This organization's environmental policies meet, but do not exceed that the law requires.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
26. Our leaders encourage employees to engage in social or community activities in work time.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
27. In this organization, generating profits and providing jobs is considered sufficient contribution to the community.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
28. Our leaders value others' interests, in addition to investor's needs.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
29. Our leaders show respect for, and work closely with, employees, customers, suppliers, and other stakeholders.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>

30. Other things being equal, this organization chooses suppliers based on price rather than long-standing relationships.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
31. Our leaders have a vision that goes beyond just making as much money as possible.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
32. Our organizational vision energizes and guides people's work.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
33. This organization has a strong vision that everyone knows, shares and works towards.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
34. I'm unsure what the organization's vision for the future is.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
35. Employees are encouraged to challenge decisions made by our leaders.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
36. Our leaders look for consensus when making decisions.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
37. As employees in this organization, we have high discretion over our working lives provided we deliver the required outcome.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
38. Our leaders and managers set detailed work objectives, and specify the way work will be done, and monitor progress closely.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
39. Our organization has a strong team culture.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
40. People work well in teams at all levels of this organization.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
41. Our leaders treat employees as the organization's most valuable asset.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
42. The way things are done in this organization really engages people's hearts and minds.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
43. This organization likes people to get together informally during works hours, to exchange information and ideas about their work.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
44. Our organization offers many formal and informal opportunities to share information and ideas.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
45. In this organization, we can rely on our people to keep their word.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
46. In this organization, people deal with each other based on an understanding that we will look after each other's best interest.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
47. Everyone here can be innovative, even if they are not employed in a research capacity.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>

48. We have systems to encourage evaluate, track, reward and celebrate innovative ideas.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
49. Our leaders accept that innovation contains the risk of failure.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
50. I am proud to tell people that I work for this organization.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
51. People give their personal best for this organization because of the excellent way in which it treats them.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
52. Supplying products and services of the highest quality is a matter of pride to our organization.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
53. The view around here is that increasing quality, increase productivity and profits.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>

Part 4. Perceived organizational performance. Please read each statement and select your answer by putting a mark (X) on a scaled number (1 = Much worse – 5 = Much better; 6 = Don't know).

	Much Worse	Worse	About the Same	Better	Much Better	Don't Know
1. How would you rate your organization's brand/image relative to its competitors?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
2. How would you rate the satisfaction level of your organization's customers when compared to your competitors?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
3. How would you rate the financial performance/profitability of your organization compared to your competitors?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
4. How would you rate the satisfaction level of your organization's stakeholders when compared to your competitors?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>

Part 5. Financial performance. Please read each statement and select your answer by putting a mark (X) on a scales number (1 = Strongly disagree – 5 = Strongly agree; 6 = Don't know).

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Don't Know
1. In the last three years, the net profits in my organization have increase.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
2. In the last three years, the sales revenue in my organization has increased.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>

3. In the last three years, the controllable costs in my organization have decreased.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
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Part 6. Employee satisfaction. Please read each statement and select your answer by putting a mark (X) on a scales number (1 = Extremely dissatisfied – 5 = Extremely satisfied; 6 = Don't know).

	Extremely Dissatisfied	Dissatisfied	Neutral	Satisfied	Extremely Satisfied	Don' t Know
1. Overall, how satisfied are you with the organization?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>

Do you have any other comments? (If yes, please provide them in the space below)

To request a summary report of the research results, you can contact XXX@waldenu.edu. or please provide an email for your convenience:

Thank you for your time and participation.

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Appendix D: Sustainable Leadership Questionnaire Approval

Dear Fred,

Sorry about the delay in responding—had to finish a major project proposal on a very tight deadline.

This is to confirm that we're happy for you to use the SLQ provided you acknowledge ISL's intellectual ownership of the SLQ.

Please insert under acknowledgements in your report and on the title page of the questionnaire:

“This questionnaire has been adapted from the Sustainable Leadership Questionnaire © Harry Bergsteiner 2010”.

The questionnaire, as used by a Thai researcher, is attached for your convenience.

Please note that this version of the questionnaire was adapted to the Thai situation. You will want/need to modify some of the questions/text. For example:

1. Q6 in Part 1 refers to first-line manager, this is also called front-line manager.
2. Financial questions need to be changed to your currency.
3. On the 3rd-last line of the questionnaire, you'll need to **replace Dr Suparak's email address with yours** in the event that you intend to make your research results accessible.

For outcomes from Dr Suparak Suriyankietkaew's doctoral research, please consult her doctoral thesis: An investigation of the relationships between sustainable leadership, sustainable performance outcomes and high performance in Thai SMEs". This should be procurable via inter-library loan.

Good luck with your PhD.

Kind regards

Harry

Dr Harry Bergsteiner

Founding-Director: Institute for Sustainable Leadership

Appendix E: Ethical Leadership Questionnaire Approval

Yukl, Gary A <XXX@albany.edu>

Sun 10/14, 8:30 AM

Hi Fred, A revised version of the ELQ is attached. It has 10 items and measures ethical leadership and leader integrity. the score for a leader is the mean of the item scores. Research reports can describe a few sample items but should not show the entire questionnaire. Good luck with your study and let me know what you find. Regards, Gary